盛源控股有限公司

SHENG YUAN HOLDINGS LIMITED

Stock Code: 851

2011
ANNUAL REPORT

For the eight months ended 31 December 2011

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Lin Min *(Chairman)*
Mr. Yip Kar Hang, Raymond
Ms. Kwong Wai Man, Karina

Independent Non-Executive Directors

Mr. Chan Chi On, Derek
Mr. Cheung Kwok Keung
Mr. Lam Kam Tong

AUDIT COMMITTEE

Mr. Cheung Kwok Keung *(Chairman)*
Mr. Chan Chi On, Derek
Mr. Lam Kam Tong

REMUNERATION COMMITTEE

Mr. Cheung Kwok Keung *(Chairman)*
Mr. Chan Chi On, Derek
Mr. Lam Kam Tong

NOMINATION COMMITTEE

Ms. Lin Min *(Chairman)*
Mr. Cheung Kwok Keung
Mr. Lam Kam Tong

COMPANY SECRETARY

Mr. Or Wing Keung

STOCK CODE

851

WEBSITE

www.shengyuan.hk

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

Suites 4301–5, 43/F
Tower 1, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

AUDITOR

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

SOLICITORS

K&L Gates
44th Floor
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

The Hong Kong & Shanghai Banking Corporation Limited
Bank of China

CHAIRMAN'S STATEMENT

I hereby announce the annual results of Sheng Yuan Holdings Limited (the "Company") together with its subsidiaries (the "Group") for the eight months ended 31 December 2011 (the "8-Month Period"). During the 8-Month Period, along with re-aligning its trading operations to focus on the PRC market, the Group has taken significant steps to broaden and strengthen its scope of business. As part of its key development strategy going forward, the Group's financial services platform has gradually taken form during the 8-Month Period through the synergy and cooperation demonstrated by our team of industry veterans. Our financial services platform now encompasses businesses in the areas of securities brokerage, securities advisory, asset management, as well as corporate finance advisory, and we shall further build upon such platform to enhance returns for all stakeholders in the long run. Despite recent economic volatility, our faith in Hong Kong as the region's financial hub remains strong. Hong Kong's well-established market infrastructure and its resources in human capital shall form a robust foundation for its resurgence once again as the global market rebounds. Our financial services platform, as led by our dedicated and expert team, shall be all set to capture such market potential and shall yield favorable contributions for the Group.

Last but not least, I would also like to take this opportunity to thank all our board of directors (the "Directors", collectively referred to as the "Board"), management and staff members for their support and contribution to the Group.

Lin Min
Chairman

27 March 2012

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

For the 8-Month Period, revenue of the Group from continuing operations was approximately HK$47.5 million, as compared with approximately HK$19.8 million for the twelve months ended 30 April 2011 (the "Preceding 12-Month Period"). The revenue from continuing operations of the 8-Month Period reflects i) the increased revenue contribution from the Group's operations in the trading of telecommunication equipment in the PRC; ii) increased revenue contributions from the Group's securities brokerage and financial services in Hong Kong; and iii) the beginning of revenue contribution from the asset management service segment in Hong Kong during the 8-Month Period. During the 8-Month Period, the Group has discontinued its trading of electrical products and copper concentrates operations in Hong Kong, which did not contribute any revenue during the 8-month Period (Preceding 12-Month Period: HK$32.5 million). Loss attributable to owners of the Company for the 8-Month Period was approximately HK$40.4 million, versus approximately HK$13.1 million of the Preceding 12-Month Period. The loss was mainly attributable to expenditures incurred and increased to support the Group's diversification into the financial services field, including salaries, rental expenses for the Group's offices in Hong Kong and the PRC, and expense recorded in relation to the issuance of share options amounting approximately HK$12.9 million as part of the Group's incentive scheme for its staff.

During the 8-Month Period, the Group had focused its trading operations on that of telecommunication equipment in PRC, the revenue of which had improved to approximately HK$45.8 million as compared with approximately HK$19.8 million in the Preceding 12-Month Period. The Group's trading operations in the PRC is principally engaged in sourcing telecommunication equipment and products for local telecommunication companies such as the Shanghai branch of China Telecom Corporation Limited, and the Group continued to diligently expand its range of product representation and cultivate client relationship with the aim at further expanding such business. On the other hand, due to continued unfavourable market environment for the Group's trading of electrical products and copper concentrates operations in Hong Kong characterized by fierce competition and very thin margins, the Group has discontinued operations in this segment during the 8-Month Period and resources were instead focused on the development of the trading of telecommunication products in the PRC.

Beginning with the completion of the acquisition of Sheng Yuan Securities Limited ("SYSL") (previously named Kai Yuan Securities Limited), a licensed corporation under the Securities and Futures Ordinance ("SFO") to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, just prior to the beginning of the 8-Month Period, the Group has taken steady steps towards diversifying into the financial services field during the 8-Month Period. SYSL provides stock brokerage and securities advisory services via its network of account executives and a user-friendly internet platform to retail and professional investors. During the 8-Month Period, as SYSL gradually began building its client base and its margin lending business, the securities brokerage and financial services segment contributed approximately HK$1.2 million in revenue to the Group (Preceding 12-Month Period: minimal), and recorded approximately HK$5.0 million in segmental loss as SYSL was still at its initial stage of development.

In June 2011, Sheng Yuan Asset Management Limited ("SYAML"), the Group's asset management and investment advisory arm, was approved as a licensed corporation under the SFO to engage in Type 4 (advising on securities) and Type 9 (Asset Management) regulated activities and began contributing to the Group's revenue in September 2011. On 16 September 2011, the Group launched Sheng Yuan China Growth Fund (the "Fund"), an open-ended fund aimed at providing investors with the opportunity to long term capital growth through active investment in the financial markets, mainly by way of investments in listed equities whose businesses have a substantial focus in the Greater China Region. The Fund is managed by Sheng Yuan Fund Management (Cayman) Limited, to which SYAML acts as the investment adviser. The strategy and potential of the Fund have earned a vote of confidence from Mr. Hu Yishi and Ms. Lin Min, the ultimate beneficial controlling shareholder of the Company and the Chairlady and executive Director respectively, who invested US$10 million in the Fund (the "Hu Investment") upon its launch. Details of Hu Investment can be found in the announcement and circular of the Company dated 16 September 2011 and 7 October 2011 respectively. From its launch till the end of the 8-Month Period, the Fund's net asset value had continued to outperform the Eurekahedge Greater China Long Short Equities Hedge Fund Index, whose constituents adopt long-short strategy and invest in securities in the Greater China Region similar to the Fund. With the launch of the Fund in September 2011, the asset management service segment began its revenue contribution during the 8-Month Period with approximately $0.5 million in external sales revenue (Preceding 12-Month Period: nil) and recorded a segmental loss of approximately HK$1.5 million. Other than providing advice for the fund, SYAML also provides tailor-made discretionary portfolio management services to individuals, corporate and trust clients to meet their mandate and

MANAGEMENT DISCUSSION AND ANALYSIS

financial requirements, with one of its focuses being asset management services targeted at the capital investment entrance scheme for foreigners looking to invest and reside in Hong Kong.

Following the successful launch of SYSL and SYAML, the Group has set up Sheng Yuan Capital (Hong Kong) Limited ("SYCHK"), which was approved as a licensed corporation under the SFO to engage in Type 6 (advising on corporate finance) regulated activities in December 2011. Via its provision of advisory services on corporate transactions, SYCHK realized yet another facet of the Group's comprehensive line of financial services.

PROSPECTS

Telecommunication is increasingly becoming an important part of life in the PRC, with mobile phone penetration (2011: 73.6 units/100 people up 9.2 units) and internet coverage (2011: 38.3% up 4%) continuing to grow at a strong rate. The Group shall seek to continue improving its trading of telecommunication operations in the PRC under this healthy environment, and growth shall be achieved via further development of its business network and product roster.

Having obtained Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (Asset Management) licenses, the financial service platform of the Group has gradually taken form. The Group intends to allocate further efforts into building this comprehensive financial services platform.

SYSL, the Groups' securities brokerage unit, shall continue to expand its client base via leveraging the Group's relationship network and strengthening of its sales team, and growth in commission and financing income can be expected. To provide clients with a wider choice of investment avenues and round up our full range of services, SYSL will also seek to expand into dealing in futures, requisite license applications of which were made in March 2012.

SYAML, the Group's asset management arm, shall seek to achieve growth via the recruitment of further investment into the Fund, enlarging its client base for discretionary portfolio management services and launching new investment funds in the future.

SYCHK, the Group's corporate finance unit, provides a comprehensive set of advisory services to clients, covering areas including corporate finance transactions, fund raising, restructuring and reorganization, as well as regulatory compliance. It shall provide not only a new stream of business for the Group, but would also act as an important piece to complete a comprehensive value chain in financial services for clients.

Given the investment opportunities in the PRC presented by its network, the Group is also targeting to capitalize on such opportunities via new private equity funds denominated in Renminbi and US dollars with focus on long term capital appreciation from special opportunities and growth stage investments. The Group shall take the role as general partner of the private equity funds and investments into the funds from limited partners shall be recruited. Furthermore, direct investment opportunities shall also be explored via co-investment with strategic partners and investors. Certain potential anchor investors approached by the Group have displayed keen interest in cooperating with the Group via investment in the funds and participation in co-investment opportunities.

In recent months, the Hong Kong financial market has seen some signs of recovery amidst the turbulences caused by the global economy. With its full-fledged financial services platform gradually taken form and with due care taken in risk control and compliance, the Group is confident that it will be ready to capitalize on the opportunities as and when the market rebounds and healthy returns for stakeholders can be expected in the future.

ACQUISITIONS AND DISPOSALS

There was no material acquisition or disposal during the 8-Month Period.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at the end of the 8-Month Period, cash and bank balances in general accounts maintained by the Group were approximately HK$104.0 million, representing an decrease of 28.0% from approximately HK$144.4 million as at 30 April 2011, which was largely due to funding applied for the Group's expansion into the financial services field, set up of a new office in PRC and provision of margin loans to brokerage clients. Cash and bank balances of trust and segregated accounts was approximately HK$1.2 million as at 31 December 2011 as compared with approximately HK$0.4 million as at 30 April 2011. Corresponding with the Group's business expansion, increases in property, plant and equipment have led to the non-current assets of the Group having increased to approximately HK$22.0 million as at the end of the 8-Month Period, as compared with approximately HK$19.0 million as at 30 April 2011. In tandem with the Group's growth in trading business in the PRC and the growth in securities trading and margin trading business, trade and other receivables and other prepayments have increased from approximately HK$11.3 million to approximately HK$33.4 million during the 8-Month Period. Trade and other payables and accruals have also increased from approximately HK$5.3 million to approximately HK$14.8 million, which was largely due to the Group's growth in trading business in the PRC. Approximately HK$19.9 million of the Group's outstanding convertible notes have been reclassified to current liabilities during the 8-Month Period. As a result of all of the above, the Group's current assets and current liabilities as at the end of the 8-Month Period were approximately HK$138.6 million (30 April 2011: HK$156.0 million) and approximately HK$34.8 million (30 April 2011: HK$5.4 million) respectively. The Group has no borrowings as at 31 December 2011. The gearing of the Group, measured as total debts to total assets was approximately 34.3% as at the end of the 8-Month Period, as compared with 30.0% as at 30 April 2011. At the end of the 8-Month Period, the Group recorded net assets of approximately HK$90.7 million as compared with approximately HK$117.2 million as at 30 April 2011, with the decrease largely due to the loss recorded during the 8-Month Period. During the 8-Month Period, the Group financed its operation with internally generated cash flow and funds from the prior rights issue and issuance of convertible notes.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in Hong Kong dollars and Renminbi. Foreign exchange exposure of the Group is considered minimal as the exchange rate of Renminbi against Hong Kong dollars were relatively stable during the 8-Month Period. Therefore, the Group has not engaged in any hedging contracts during the Interim Period. The Group will from time to time review and monitor exchange risks, and consider employing foreign exchange hedging arrangements when appropriate and necessary.

CAPITAL STRUCTURE

There has been no change to the capital structure of the Group during the 8-Month Period.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2011, the obligations under finance leases of approximately HK$144,000 were pledged by the assets with carrying amount of approximately HK$160,000.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2011, the Group employed approximately 45 employees. The remuneration policy and package of the Group's employees are maintained at market level and are reviewed annually by management. In addition to 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 36, was appointed as an executive Director of the Company in May 2009 and was also 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. Ms. Lin is the general manager of an investment consultancy firm in Shanghai and 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 (上海市靜安區業餘大學).

Mr. Yip Kar Hang, Raymond, aged 44, was appointed as an executive Director in May 2009 and was also appointed as the chief executive officer ("CEO") 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 had been an executive director and chief executive officer of Kai Yuan Holdings Limited and an executive director, chief financial officer and company secretary of Imagi International Holdings Limited, the shares of both of which are listed on the main board of the Stock Exchange of Hong Kong Limited (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.

Ms. Kwong Wai Man, Karina aged 42, has been appointed as an executive Director in February 2012. Prior to her appointment, Ms. Kwong is the chief financial officer of the Group and is a director of various subsidiaries of the Group and is responsible for the overall finance and administration functions and corporate governance enforcement of the Group. Ms. Kwong has extensive experience in accounting, financial management and corporate finance. Ms. Kwong worked for sizable organisations in various industries as senior executives in both Canada and Hong Kong. Ms. Kwong had been an executive director and chief financial officer of Kai Yuan Holdings Limited, a company whose shares are listed on the Stock Exchange. Ms. Kwong had previously served as an executive director and non-executive director of Grandmass Enterprise Solution Limited (now known as FAVA International Holdings Limited), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange. Ms. Kwong holds a bachelor's degree in business administration from the Simon Fraser University, Canada and is a member of the American Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi On, Derek, aged 48, was appointed as an independent non-executive Director in January 2011. Mr. Chan is an executive director of Haitong International Securities Group Limited, a company listed on the Stock Exchange and is also currently managing director of Haitong International Capital Limited, in charge of its corporate finance business. Mr. Chan graduated with a bachelor degree in social sciences from the University of Hong Kong and a master degree in business administration from the Hong Kong University of Science & Technology. Early in his career, Mr. Chan worked for the Stock Exchange from 1989 to 1996. At present, he is an independent non-executive director of each of Yuexiu REIT Asset Management Limited (formerly known as GZI REIT Asset Management Limited) and Longfor Properties Co. Ltd., the shares of both of which are listed on the main board of the Stock Exchange, and is also an adjunct professor in the School of Accounting and Finance of the Hong Kong Polytechnic University. He was an independent non-executive director of GST Holdings Limited which had been privatised and delisted on the Stock Exchange in December 2009.

Mr. Cheung Kwok Keung, aged 45, 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 over 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. He is an independent non-executive director of China Aoyuan Property Group Limited, a company which shares are listed on 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.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Lam Kam Tong, aged 43, was appointed as an independent non-executive Director in November 2010. Mr. Lam is an executive director, the chief financial officer and company secretary of China Aoyuan Property Group Limited, a company which shares are listed on the Stock Exchange. Prior to that, Mr. Lam was the chief financial officer and company secretary of Greentown China Holdings Limited, a company which shares are also listed on the Stock Exchange. Starting his career as an auditor at a leading international accountancy firm, Mr. Lam has over 15 years of experience in professional audit and financial management and is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He also holds a bachelor's degree in business management from The Chinese University of Hong Kong.

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 as set out in Appendix 14 of the Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules") during the 8-Month Period.

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 8-Month Period.

BOARD OF DIRECTORS

As at 31 December 2011, the Board comprised two executive Directors and three independent non-executive Directors.

The composition of the Board's members during the 8-Month Period and up to the date of this report is as follows:

Executive Directors

Ms. Lin Min *(Chairman)*
Mr. Yip Kar Hang, Raymond *(CEO)*
Ms. Kwong Wai Man, Karina (appointed on 1 February 2012)

Independent Non-executive Directors

Mr. Chan Chi On, Derek
Mr. Cheung Kwok Keung
Mr. Lam Kam Tong

During the 8-Month Period, nine Board meetings were held. Details of the Directors' attendance records were as follows:

Name	Meetings attended/ Eligible to attend
Executive Directors	
Ms Lin Min	8/8
Mr. Yip Kar Hang, Raymond	9/9
Independent Non-executive Directors	
Mr. Chan Chi On, Derek	9/9
Mr. Cheung Kwok Keung	9/9
Mr. Lam Kam Tong	9/9

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") of the Company. Further details of these committees are set out in this report.

CORPORATE GOVERNANCE REPORT

During the 8-Month Period, the Board has reserved for its decisions all major matters of the Group including:

1. renewal of the term of employment of directors;

2. discussion on and approval of the financial results of the Group and the recommendation of any dividend;

3. approval of the continuing connected transaction in respect of the provision of certain investment management services;

4. approval of the re-appointment of directors;

5. approval on the closing, opening and change signatories of bank accounts;

6. approval on the change of financial year end date;

7. approval on change of principal place of business in Hong Kong;

8. approval on grant of share options;

9. re-appointment of external auditor and discussion on their remuneration; and

10. matters as required by laws and ordinance.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has adopted A.2.1 of the Code by appointing Ms. Lin Min and Mr. Yip Kar Hang, Raymond as the Chairman and CEO 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-laws of the Company (the “Bye-Laws”).

CORPORATE GOVERNANCE REPORT

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 Chi On, Derek and Mr. Lam Kam Tong. During the 8-Month Period, the Remuneration Committee held one meeting. The attendance of individual members was set out in the following table.

Name	Meetings attended/ Eligible to attend
Mr. Cheung Kwok Keung	1/1
Mr. Chan Chi On, Derek	1/1
Mr. Lam Kam Tong	1/1

NOMINATION OF DIRECTORS

Prior to the establishment of the nomination committee (comprising Ms. Lin Min (Chairman), Mr. Cheung Kwok Keung and Mr. Lam Kam Tong) on 27 March 2012, 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.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

During the eight months period, the remunerations payable to the auditor of the Company, Deloitte Touche Tohmatsu, are set out as follows:

	Services rendered Fee payable HK$'000
Audit services	1,050
Interim review	120
Taxation services	98
Other advisory services	68

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 auditor, 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 auditor, 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 auditor's 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 Chi On, Derek, and Mr. Lam Kam Tong. During the 8-Month Period, the Audit Committee held two meetings and the attendance of individual members was set out in the following table.

Name	Meetings attended/ Eligible to attend
Mr. Cheung Kwok Keung *(Chairman)*	2/2
Mr. Chan Chi On, Derek	2/2
Mr. Lam Kam Tong	2/2

During the 8-Month Period, the Board had no disagreement with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor.

CORPORATE GOVERNANCE REPORT

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 auditor 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 20 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 31 December 2011. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

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 report and audited financial statements of the Group for the eight months ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 32 to the audited financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the eight months ended 31 December 2011 and the state of affairs of the Group at that date are set out in the audited financial statements on page 21 to 64.

The Directors did not recommend the payment of any dividend for the eight months ended 31 December 2011.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last four financial years and the eight months ended 31 December 2011, as extracted from the audited financial statements and restated as appropriate, is set out on page 65. This summary does not form part of the audited financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for approximately 95% of the Group's total turnover and the largest customer accounted for approximately 78% of the Group's total turnover.

The five largest suppliers of the Group accounted for approximately 90% of the Group's total purchases for the eight months period and the largest suppliers accounted for approximately 59% of the Group's total purchases.

At no time during the eight months period 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 five largest suppliers or customers.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 24 to the consolidated financial statements.

SHARE OPTIONS SCHEME

Details of the Company's share options scheme are set out in note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the eight months period are set out in notes 15 and 17 to the audited financial statements.

RESERVES

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

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2011, the Company did not have any distributable reserve.

DIRECTORS AND DIRECTOR'S SERVICE CONTRACTS

The Directors of the Company during the eight months ended 31 December 2011 and up to the date of this report were:

Executive Directors:

Ms. Lin Min
Mr. Yip Kar Hang, Raymond
Ms. Kwong Wai Man, Karina *(appointed on 1 February 2012)*

Independent non-executive Directors:

Mr. Chan Chi On, Derek
Mr. Cheung Kwok Keung
Mr. Lam Kam Tong

In accordance with Article 86(2) of the Company's Bye-laws, Ms. Kwong Wai Man, Karina was appointed as a director by the Board to fill the casual vacancies, will hold office until the forthcoming annual general meeting and being eligible, offers herself for re-election.

In accordance with Article 87(1) of the Company's Bye-laws, Ms. Lin Min and Mr. Yip Kar Hang, Raymond will retire at the forthcoming annual general meeting and being eligible, offers 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 specific term subject to retirement by rotation as required by the Bye-laws.

DIRECTORS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Except for those disclosed under "Continuing Connected Transaction" below, no contract 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' REPORT

DIRECTORS' INTERESTS

At 31 December 2011, the interests and short positions of the Directors and chief executive of the Company in the shares capital and underlying shares and convertible notes of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long position in ordinary shares of HK$0.10 each of the Company

Name of Director	Capacity	Number of shares held	Percentage of the issued share capital of the Company
Ms. Lin Min *(Note)*	Interest of spouse	735,154,800	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

Name of Directors	Capacity	Number of options held	Number of underlying shares
Ms. Lin Min	Beneficial owner	11,980,700	11,980,700
Mr. Yip Kar Hang, Raymond	Beneficial owner	18,872,900	18,872,900
Mr. Chan Chi On, Derek	Beneficial owner	600,000	600,000
Mr. Cheung Kwok Keung	Beneficial owner	1,284,600	1,284,600
Mr. Lam Kam Tong	Beneficial owner	600,000	600,000

Long position – convertible notes

Name of Director	Capacity	Description of equity derivatives	Number of underlying shares
Ms. Lin Min	Interest of spouse *(note a)*	5 year 5% convertible notes *(note b)*	156,000,000
		2% coupon convertible notes *(note c)*	277,610,000

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 31 December 2011 issued by the company on 17 July 2007 and due on 17 July 2012 are convertible into shares of the Company at a conversion price of HK$0.10 (after rights issue adjustment) per share.

(c) The Company issued the 2% coupon convertible notes at principal amounts of HK$5,152,000 and HK$39,265,600 on 17 November 2009 and 29 April 2010 with maturity dates of 17 November 2012 and 29 April 2013 respectively. The 2% coupon convertible notes with an outstanding principal amount of HK$44,417,600 as at 31 December 2011 are convertible into shares of the Company at a conversion price of HK$0.16 (after rights issue adjustment) per share.

Save as disclosed above, as at 31 December 2011, none of the Directors or chief executive had registered an interest or short position in the shares, underlying shares or 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 as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT

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 eight months period 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 eight months period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2011, 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 position – Ordinary shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of shares held	Percentage of the issued share capital of the Company
Front Riches *(Note a)*	Beneficial owner	735,154,800	62.39%

Long position – convertible notes

Name of shareholder	Capacity	Description of equity derivatives	Number of underlying shares
Front Riches *(Note a)*	Beneficial owner	5 year 5% convertible notes *(Note b)*	156,000,000
		2% coupon convertible notes *(Note c)*	277,610,000

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 31 December 2011 issued by the company on 17 July 2007 and due on 17 July 2012 are convertible into shares of the Company at a conversion price of HK$0.10 (after rights issue adjustment) per share.

(c) The Company issued the 2% coupon convertible notes at principal amounts of HK$5,152,000 and HK$39,265,600 on 17 November 2009 and 29 April 2010 with maturity dates of 17 November 2012 and 29 April 2013 respectively. The 2% coupon convertible notes with an outstanding principal amount of HK$44,417,600 as at 31 December 2011 are convertible into shares of the Company at a conversion price of HK$0.16 (after rights issue adjustment) 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 31 December 2011.

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTION

As disclosed in the announcement and circular of the Company dated 16 September 2011 and 7 October 2011 respectively, Mr. Hu Yishi (the ultimate beneficial controlling shareholder of the Company) and Ms. Lin Min (the chairlady of the Company and an executive Director) (the "Hu Couple") and the Company entered into a master investment service agreement dated 16 September 2011 (the "Investment Stinervice Agreement") in respect of the term of their investment in Sheng Yuan China Growth Fund (the "Fund"), an exempted company incorporated in the Cayman Islands with limited liability and a subsidiary of the Company pursuant to the agreement dated 16 September 2011 (the "Agreement") signed by the Hu Couple to invest in the Fund (the "Hu Investment"). The arrangement constituted by the Investment Service Agreement, the Agreement and the investment management agreement dated 8 August 2011 entered into between the Fund and Sheng Yuan Fund Management (Cayman) Limited (the "Manager"), an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company, whereby the Group (through the Manager) provides management services in respect of the Hu Investment, constitutes connected transaction for the Company under Chapter 14A of the Listing Rules (the "Continuing Connected Transaction").

The annual caps approved by shareholders in a special general meeting held on 25 October 2011 in respect of the fees payable under the Continuing Connected Transaction for each of the period/years ending 30 April 2012, 30 April 2013 and 30 April 2014 (the "Proposed Annual Caps") were HK$9,900,000, HK$15,000,000 and HK$23,000,000 respectively. The total amount of fees paid/payable for the eight months ended 31 December 2011 was HK$454,000.

The Company's auditor was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the Continuing Connected Transactions. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors, being Messrs. Chan Chi On, Derek, Cheung Kwok Keung and Lam Kam Tong, reviewed the above Continuing Connected Transaction and confirmed that they were entered into:

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

(ii) on normal commercial terms; and

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

In the opinion of the Board, the Continuing Connected Transaction was entered into in the manners stated above.

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

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

CORPORATE GOVERNANCE

The Company's corporate governance report is set out in pages 9 to 13 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.

DIRECTORS' REPORT

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 27 to the consolidated financial statements.

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 Listing Rules. 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 by-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 eight months period ended 31 December 2011.

CHARITABLE CONTRIBUTIONS

During the eight months period, 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 eight months period ended 31 December 2011 have been reviewed by the Audit Committee.

The Audit Committee comprises three members namely, Mr. Cheung Kwok Keung (Chairman), Mr. Chan Chi On, Derek and Mr. Lam Kam Tong. 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. Cheung Kwok Keung (Chairman), Mr. Chan Chi On, Derek and Mr. Lam Kam Tong.

NOMINATION COMMITTEE

The Nomination Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules in March 2012. The Nomination Committee comprises one executive Director namely Ms. Lin Min (Chairman), and two independent non-executive Directors namely, Mr. Cheung Kwok Keung and Mr. Lam Kam Tong.

AUDITOR

The audited consolidated financial statements for the eight months period ended 31 December 2011 were audited by Messrs. Deloitte Touche Tohmatsu. 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

27 March 2012

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE SHAREHOLDERS 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 21 to 64, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 1 May 2011 to 31 December 2011, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 31 December 2011 and of the Group's loss and cash flows for the period from 1 May 2011 to 31 December 2011 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

27 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 May 2011 to 31 December 2011

	Notes	**1.5.2011 to 31.12.2011 HK$'000**	1.5.2010 to 30.4.2011 HK$'000 (restated)
Continuing operations			
Revenue	*6*	**47,491**	19,776
Other income	*8*	**377**	30
Purchase of inventories for trading businesses		**(44,515)**	(19,240)
Salaries, commission and related benefits		**(25,732)**	(2,999)
Depreciation		**(1,342)**	(100)
Finance costs	*9*	**(3,813)**	(5,310)
Other administrative expenses		**(12,530)**	(5,097)
Loss before taxation		**(40,064)**	(12,940)
Taxation	*10*	**–**	–
Loss for the period/year from continuing operations		**(40,064)**	(12,940)
Discounted operations			
Loss for the period/year from discontinued operations	*11*	**(303)**	(130)
Loss for the period/year	*12*	**(40,367)**	(13,070)
Other comprehensive income for the period/year			
Exchange difference arising on translation of foreign operations		**859**	691
Total comprehensive expense for the period/year attributable to owners of the Company		**(39,508)**	(12,379)
Loss per share	*14*		
From continuing and discontinued operations			
Basic and diluted		**HK$(0.03)**	HK$(0.01)
From continuing operations			
Basic and diluted		**HK$(0.03)**	HK$(0.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	31.12.2011 HK$'000	30.4.2011 HK$'000
Non-current assets			
Property, plant and equipment	15	**7,439**	4,675
Prepaid lease payments	16	**–**	–
Investment properties	17	**11,542**	11,306
Trading rights	18	**2,822**	2,822
Statutory deposits	19	**205**	205
		22,008	19,008
Current assets			
Trade and other receivables and prepayments	20	**33,412**	11,257
Bank balances (trust and segregated accounts)	21	**1,168**	338
Bank balances (general accounts) and cash	21	**104,019**	144,439
		138,599	156,034
Current liabilities			
Trade and other payables and accruals	22	**14,767**	5,316
Obligations under finance leases – due within one year	23	**37**	37
Convertible notes	26	**19,948**	–
		34,752	5,353
Net current assets		**103,847**	150,681
Total assets less current liabilities		**125,855**	169,689
Capital and reserves			
Share capital	24	**117,840**	117,840
Share premium and reserves		**(27,174)**	(614)
		90,666	117,226
Non-current liabilities			
Obligations under finance leases – due after one year	23	**107**	128
Convertible notes	26	**35,082**	52,335
		35,189	52,463
		125,855	169,689

The consolidated financial statements on pages 21 to 64 were approved and authorised for issue by the Board of Directors on 27 March 2012 and are signed on its behalf by:

Lin Min
Director

Yip Kar Hang, Raymond
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 May 2011 to 31 December 2011

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Shareholder's contribution HK$'000	Share option reserve HK$'000	Currency translation reserve HK$'000	Capital redemption reserve HK$'000	Convertible notes reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2010	84,172	42,488	7,834	8,744	–	477	12,986	(166,535)	(9,834)
Loss for the year	–	–	–	–	–	–	–	(13,070)	(13,070)
Exchange differences arising on translation of foreign operations	–	–	–	–	691	–	–	–	691
Total comprehensive income (expense) for the year	–	–	–	–	691	–	–	(13,070)	(12,379)
Issue of shares upon rights issue	33,668	107,740	–	–	–	–	–	–	141,408
Transaction costs attributable to issue of shares upon rights issue	–	(1,969)	–	–	–	–	–	–	(1,969)
At 30 April 2011	**117,840**	**148,259**	**7,834**	**8,744**	**691**	**477**	**12,986**	**(179,605)**	**117,226**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(40,367)**	**(40,367)**
Exchange differences arising on translation of foreign operations	**-**	**-**	**-**	**-**	**859**	**-**	**-**	**-**	**859**
Total comprehensive income (expense) for the period	**-**	**-**	**-**	**-**	**859**	**-**	**-**	**(40,367)**	**(39,508)**
Equity settled share-based payment	**-**	**-**	**-**	**12,948**	**-**	**-**	**-**	**-**	**12,948**
At 31 December 2011	**117,840**	**148,259**	**7,834**	**21,692**	**1,550**	**477**	**12,986**	**(219,972)**	**90,666**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 May 2011 to 31 December 2011

	Note	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
OPERATING ACTIVITIES			
Loss for the period/year		**(40,367)**	(13,070)
Adjustments for:			
Interest expense		**3,813**	5,310
Interest income		**(61)**	(11)
Depreciation of property, plant and equipment		**1,342**	146
Loss on disposal of property, plant and equipment		**75**	–
Amortisation of prepaid lease payments		**–**	89
Share options expense		**12,948**	–
Operating cash flows before movements in working capital		**(22,250)**	(7,536)
Increase in trade and other receivables and prepayments		**(22,155)**	(9,449)
(Increase) decrease in bank balances (trust and segregated accounts)		**(830)**	81
Increase (decrease) in trade and other payables and accruals		**9,451**	(2,039)
Cash used in operations		**(35,784)**	(18,943)
Interest received		**61**	11
Interest paid		**(1,118)**	(1,668)
NET CASH USED IN OPERATING ACTIVITIES		**(36,841)**	(20,600)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(4,181)**	(2,107)
Addition of prepaid lease payments		**–**	(8,978)
Acquisition of a subsidiary	25	**–**	(7,473)
CASH USED IN INVESTING ACTIVITIES		**(4,181)**	(18,558)
FINANCING ACTIVITIES			
Repayment of obligations under finance leases		**(21)**	–
Proceed from shares issued		**–**	141,408
Shares issue expenses		**–**	(1,969)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(21)**	139,439
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(41,043)**	100,281
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR		**144,439**	43,813
Effect of foreign exchange rate changes		**623**	345
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR		**104,019**	144,439
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances (general accounts) and cash		**104,019**	144,439

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

1. GENERAL

The Company is 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 is Front Riches Investments Limited ("Front Riches"), a company incorporated in the British Virgin Islands. The addresses of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The addresses of the principal place of business of the Group is located in Suites 4301–5, 43/F, Tower 1, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in trading of telecommunication equipment, securities brokerage and financial services and asset management services. In prior year, it also engaged in trading of electrical products and copper concentrate. The management of the Company removed the sales team of electrical products and copper concentrate subsequent to period ended 31 December 2011. The electrical products and copper concentrate segment was discontinued during the current period.

With the increase in revenue and operating expenses for the securities brokerage and financial services segment and the newly set up of the asset management services segment during the period, the directors of the Company changed the presentation format of the analysis of expenses recognised in profit or loss using classification by nature in the consolidated statement of comprehensive income to be more in line with the industry practice. Certain comparative figures in the consolidated statement of comprehensive income had been restated to conform with the presentation format in current period and to present the discontinued operations for the trading of electrical products and copper concentrate as stated above.

During the current financial period, the reporting period end date of the Group was changed from 30 April to 31 December because the directors of the Company determined to bring the annual reporting period end date of the Group in line with the financial year end of the subsidiaries that generated revenue from securities brokerage and financial services and asset management services businesses. Accordingly, the consolidated financial statements for the current period cover eight months ended 31 December 2011. The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve month period from 1 May 2010 to 30 April 2011 and therefore may not be comparable with amounts shown for the current period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

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

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a minimum funding requirement
HK (IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

The application of the new and revised HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior period/years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities[2]
HKFRS 9 (Amendments) and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax – Recovery of underlying assets[4]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

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 period/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 in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 and sales related taxes.

Revenue from the sale of goods is recognised when goods are delivered and titles have passed.

Commission and brokerage income and asset management service income are recognised when the services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. 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 asset) is included in profit or loss in the period in which the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in the leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is released over the lease terms on a straight-line basis, except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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 the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period 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.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of the reporting period. Income and expenses item are translated at the average exchange rates for the period/year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of currency translation reserve.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and the Mandatory Provident Fund Schemes, are recognised as an expense when employees have rendered service entitling them to the contributions.

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, 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 period/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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

Current and 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 current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Trading rights

Trading rights with indefinite useful life are carried at cost (or deemed cost) less any accumulated impairment losses (see accounting policy in respect of impairment loss on tangible and intangible asset below).

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. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

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 statutory deposits, 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be 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 and counterparty; or
- breach of contract, such as 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, in addition, 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 60 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's 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 as either financial liabilities or as equity in accordance with to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

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 (including all fees and points 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Convertible notes with conversion option

Convertible notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. 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 rate 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).

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.

Other financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability when, and only when, the Group's obligation are discharged, cancelled or expire. 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 and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible 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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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 (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 expensed on a straight-line basis over the vesting period or 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 original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When 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.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that 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 obligations under finance leases and convertible notes disclosed in notes 23 and 26 respectively, and the equity attributable to owners of the Company, comprising issued share capital, share premium 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.

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31.12.2011 HK$'000	30.4.2011 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**138,115**	155,783
Financial liabilities		
Amortised cost	**69,108**	56,962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include statutory deposits, 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 in the past. During the period from 1 May 2010 to 30 April 2011, approximately 38% and 38% of the Group's sales and purchases were denominated in currencies other than the functional currency of the respective group entities. There were no sales and purchases denominated in currencies other than the functional currency of the respective group entities for the period from 1 May 2011 to 31 December 2011. In addition, as at 30 April 2011, certain trade receivables and trade payables were denominated in currencies other than the functional currency of the respective group entities. There were no trade receivables and trade payables denominated in currencies other than the functional currency of the respective group entities as at 31 December 2011.

As at 30 April 2011, the carrying amounts of the Group's foreign currency denominated monetary assets of approximately HK$12,350,000 and monetary liabilities of approximately HK$174,000 were in Renminbi ("RMB"). There were no monetary assets and monetary liabilities denominated in foreign currency as at 31 December 2011. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exposure and will consider hedging significance foreign currency exposure should the need arise.

The following table details the Group's sensitivity to a 10% increase and decrease in HK$ against RMB and all other variables were held constant. 10% was the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts its translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates a decrease in loss for the year where rmb strengthen 10% against HK$. For a 10% weakening of RMB against HK$ there would be an equal and opposite impact on the result for the year.

	RMB Impact	
	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Decrease in loss for the period/year	–	1,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

5. 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 obligations under finance leases and 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 related to variable-rate bank balances is insignificant.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2011 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.

As at 31 December 2011, the Group had concentration of credit risk as 83% (30.4.2011: 86%) of the total trade receivables was due from the Group's largest customer.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

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.

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$'000	Total carrying amounts at 31.12.2011 HK$'000
31.12.2011							
Trade and other payables	–	14,078	–	–	–	14,078	14,078
Obligations under finance leases	0.7	19	19	38	70	146	144
Convertible notes	3.5	785	21,635	40,051	–	62,471	55,030
		14,882	21,654	40,089	70	76,695	69,252

	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$'000	Total carrying amounts at 30.4.2011 HK$'000
30.4.2011							
Trade and other payables	–	4,627	–	–	–	4,627	4,627
Obligations under finance leases	0.7	19	19	38	92	168	165
Convertible notes	3.5	780	888	65,288	–	66,956	52,335
		5,426	907	65,326	92	71,751	57,127

Fair value

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

6. REVENUE

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Continuing operations		
Trading of telecommunication equipment	**45,794**	19,774
Securities brokerage and financial services	**1,210**	2
Asset management services	**487**	–
	47,491	19,776

7. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services delivered or provided.

During the period, the Group is newly engaged in the asset management services and this is a new operating segment in current period. Also, the Group discontinued operate the trading of electrical products and copper concentrate during the period as disclosed in note 11. The Group is therefore organised into three operating segments for the current period – (a) trading of telecommunication equipment, (b) securities brokerage and financial services and (c) asset management services.

The segment information reported below does not include any amounts for the discontinued operation of trading of electrical products and copper concentrate, which are described in more detail in note 11. Segment information for the prior year is restated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

7. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

Continuing operations

	Trading of telecommunication equipment		Securities brokerage and financial services		Asset management services		Consolidated	
	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000	**1.5.2011 to 31.12.2011 HK$'000**	1.5.2010 to 30.4.2011 HK$'000	**1.5.2011 to 31.12.2011 HK$'000**	1.5.2010 to 30.4.2011 HK$'000	**1.5.2011 to 31.12.2011 HK$'000**	1.5.2010 to 30.4.2011 HK$'000
REVENUE								
External sales	**45,794**	19,774	**1,210**	2	**487**	–	**47,491**	19,776
Inter-segment sales	**–**	–	**–**	–	**1,449**	–	**1,449**	–
Segment revenue	**45,794**	19,774	**1,210**	2	**1,936**	–	**48,940**	19,776
Elimination							**(1,449)**	–
							47,491	19,776
RESULTS								
Segment results	**(2,581)**	(312)	**(5,012)**	(54)	**(1,532)**	–	**(9,125)**	(366)
Other income							**377**	30
Share options expense							**(12,948)**	–
Corporate expenses							**(14,555)**	(7,294)
Finance costs							**(3,813)**	(5,310)
Loss before taxation							**(40,064)**	(12,940)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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.

Inter-segment sales are charged on the expenses incurred by the relevant subsidiary plus certain percentage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

Continuing operations

	Trading of telecommunication equipment		Securities brokerage and financial services		Asset management services		Consolidated	
	31.12.2011 HK$'000	30.4.2011 HK$'000	**31.12.2011 HK$'000**	30.4.2011 HK$'000	**31.12.2011 HK$'000**	30.4.2011 HK$'000	**31.12.2011 HK$'000**	30.4.2011 HK$'000
ASSETS								
Segment assets	**22,031**	6,682	**18,459**	8,877	**142**	–	**40,632**	15,559
Investment properties							**11,542**	11,306
Bank balances (general accounts) and cash							**104,019**	144,439
Other assets							**4,414**	3,738
Consolidated total assets							**160,607**	175,042
LIABILITIES								
Segment liabilities	**8,622**	174	**1,145**	1,422	**–**	–	**9,767**	1,596
Convertible notes							**55,030**	52,335
Other liabilities							**5,144**	3,885
Consolidated total liabilities							**69,941**	57,816

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

- All assets are allocated to operating segments other than investment properties, bank balances and cash for group administrative purpose and other assets including other receivables and prepayments and property, plant and equipment of head office.

- All liabilities are allocated to operating segments other than convertible notes and other liabilities including other payables and accruals in relation to corporate administration costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

7. SEGMENT INFORMATION *(Continued)*

Other segment information

Amount included in the measure of segment results or segment assets:

Continuing operations

	Trading of telecom-munication equipment HK$'000	Securities brokerage and financial services HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the period from 1 May 2011 to 31 December 2011				
Additions to property, plant and equipment	**3,699**	**41**	**441**	**4,181**
Depreciation of property, plant and equipment	**444**	**843**	**55**	**1,342**
Loss on disposal of property, plant and equipment	**–**	**–**	**75**	**75**
For the year ended 30 April 2011				
Additions to property, plant and equipment	2,107*	–	–	2,107
Additions to prepaid lease payments	8,978*	–	–	8,978
Depreciation of property, plant and equipment	23	7	70	100
Release of prepaid lease payments	89	–	–	89

* These additions were transferred to investment properties during the year ended 30 April 2011 and ceased to be segment assets of the trading of telecommunication equipment.

Geographical information

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

Information about the Group's revenue from continuing operations from external customers is presented based on the geographical location of customers irrespective of the origin of the goods. Information about its non-current assets is presented based on geographical location of the assets.

	Revenue from external customers		Non-current assets	
	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000	**31.12.2011 HK$'000**	30.4.2011 HK$'000
Hong Kong	**1,697**	3	**6,995**	7,484
PRC	**45,794**	19,773	**14,808**	11,319
	47,491	19,776	**21,803**	18,803

Note: Non-current assets excluded statutory deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

7. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenues from customers of the corresponding period/year contributing over 10% of the total sales of the Group are as follows:

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Customer A	**37,044**	–
Customer B	**5,226**	19,446

Note: Amount represented the revenue from trading of telecommunication equipment. Customer A is a new customer for the Group during the period.

8. OTHER INCOME

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Continuing operations		
Interest income on bank deposits	**61**	11
Rental income	**315**	18
Other	**1**	1
	377	30

9. FINANCE COSTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

10. TAXATION

No provision for Hong Kong Profits Tax has been made for the period from 1 May 2011 to 31 December 2011 and 1 May 2010 to 30 April 2011 as the Group has no assessable profit for the period/year. Hong Kong Profits Tax is calculated at 16.5% for the period/year.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiary is 25%.

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

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Loss before taxation		
Continuing operations	**(40,064)**	(12,940)
Discontinued operations *(note 11)*	**(303)**	(130)
	(40,367)	(13,070)
Taxation at the Hong Kong Profits Tax rate of 16.5%	**(6,661)**	(2,157)
Tax effect of income not taxable for tax purpose	**(10)**	(2)
Tax effect of expenses not deductible for tax purpose	**5,092**	1,878
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(31)**	(24)
Tax effect of tax losses not recognised	**1,610**	305
Taxation for the period/year	**–**	–

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$14,651,000 (30.4.2011: HK$4,891,000) 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. The unrecognised tax losses of approximately HK$2,648,000 (30.4.2011: HK$440,000) will expire before 2014. Other losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

11. DISCONTINUED OPERATIONS

During the period, the Group discontinued the trading of electrical products and copper concentrate segment. The loss for the period/year from the discontinued operations is analysed as follows:

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Loss of trading of electrical products and copper concentrate operation for the period/year	**303**	130

The results of trading of electrical products and copper concentrate operations for the period/year, which have been included in the consolidated statement of comprehensive income, were as follows:

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Revenue	**–**	32,450
Purchase of inventories for trading businesses	**–**	(31,744)
Salaries, commission and related benefits	**(267)**	(374)
Depreciation	**–**	(46)
Other administrative expenses	**(36)**	(416)
Loss before taxation	**(303)**	(130)
Taxation	**–**	–
Loss for the period/year	**(303)**	(130)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

12. LOSS FOR THE PERIOD/YEAR

	Continuing operations		Discontinued operations		Consolidated	
	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000	**1.5.2011 to 31.12.2011 HK$'000**	1.5.2010 to 30.4.2011 HK$'000	**1.5.2011 to 31.12.2011 HK$'000**	1.5.2010 to 30.4.2011 HK$'000
Loss for the period/year has been arrived at after charging:						
Auditor's remuneration	**1,050**	461	**–**	–	**1,050**	461
Depreciation of property, plant and equipment	**1,342**	100	**–**	46	**1,342**	146
Loss on disposal of property, plant and equipment	**75**	–	**–**	–	**75**	–
Release of prepaid lease payments	**–**	89	**–**	–	**–**	89
Operating lease payments in respect of rented properties	**3,031**	916	**–**	–	**3,031**	916
Staff costs (including directors' remuneration):						
Salaries and allowances and benefits	**12,429**	2,949	**265**	370	**12,694**	3,319
Retirement benefit scheme contributions	**355**	50	**2**	4	**357**	54
Share options expense	**12,948**	–	**–**	–	**12,948**	–
	25,732	2,999	**267**	374	**25,999**	3,373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

13. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

For the period from 1 May 2011 to 31 December 2011

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Share options expense HK$'000	Total 2011 HK$'000
Executive directors					
Lin Min	133	2,168	5	1,728	4,034
Yip Kar Hang, Raymond	133	1,145	46	2,136	3,460
Independent non-executive directors					
Chan Chi On, Derek	133	–	–	116	249
Cheung Kwok Keung	133	–	–	116	249
Lam Kam Tong	133	–	–	116	249
Total emoluments	665	3,313	51	4,212	8,241

For the year ended 30 April 2011

	Notes	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Share options expense HK$'000	Total 2011 HK$'000
Executive directors						
Lin Min		200	–	–	–	200
Yip Kar Hang, Raymond		200	–	–	–	200
Independent non-executive directors						
Chan Chi On, Derek	*(i)*	63	–	–	–	63
Cheung Kwok Keung		200	–	–	–	200
Lam Kam Tong	*(ii)*	99	–	–	–	99
Chan Ho Sun, Sunny	*(iii)*	101	–	–	–	101
Lau On Kwok	*(iv)*	137	–	–	–	137
Total emoluments		1,000	–	–	–	1,000

Notes:

(i) Director appointed on 7 January 2011

(ii) Director appointed on 3 November 2010

(iii) Director appointed on 3 July 2009 and resigned on 3 November 2010

(iv) Director appointed on 14 May 2009 and resigned on 7 January 2011

During the period/year, 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 period/year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

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

Employees' emoluments

Of the five highest paid individuals of the Group, two (1.5.2010 to 30.4.2011: one) are directors, details of the emoluments are set out in above. The emoluments of the remaining three highest paid individuals (1.5.2010 to 30.4.2011: four) were as follows:

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Salaries and other benefits	**2,851**	1,754
Retirement benefit scheme contributions	**113**	29
Share options expense	**2,874**	–
	5,838	1,783

Their emoluments were within the following bands:

	1.5.2011 to 31.12.2011 No. of employees	1.5.2010 to 30.4.2011 No. of employees
Nil to HK$1,000,000	**–**	4
HK$1,500,001 to HK$2,000,000	**2**	–
HK$2,000,001 to HK$2,500,000	**1**	–

During the period/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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

14. LOSS PER SHARE

For continuing and discontinued operations

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

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Loss for the purposes of basic and diluted loss per share	**(40,367)**	(13,070)

	Number of shares	
	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,178,402,911**	931,289,053

The computation of diluted loss per share from continuing and discontinued operations does not assume the conversion of the convertible notes and exercise of share options since it would result in a decrease in loss per share from continuing and discontinued operations.

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:

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Loss for the year attributable to owners of the Company	**(40,367)**	(13,070)
Effect of loss for the period/year from discontinued operations	**303**	130
Loss for the purposes of basic and diluted loss per share from continuing operations	**(40,064)**	(12,940)

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

The computation of diluted loss per share from continuing operations does not assume the conversion of the convertible notes and exercise of share options since it would result in a decrease in loss per share from continuing operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

14. LOSS PER SHARE *(Continued)*

From discontinued operations

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

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Loss for the period/year from discontinued operations	**303**	130
Loss per share from discontinued operations attributable to owners of the Company Basic and diluted	**HK$(0.0003)**	HK$(0.0001)

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

The computation of diluted loss per share from discontinued operations does not assume the conversion of the convertible notes and exercise of share options since it would result in a decrease in loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 May 2010	449	–	258	–	707
Additions	–	2,092	15	–	2,107
Acquired on acquisition of a subsidiary *(note 25)*	1,494	–	3,011	–	4,505
Reclassified to investment properties	–	(2,092)	–	–	(2,092)
At 30 April 2011	1,943	–	3,284	–	5,227
Additions	1,885	–	293	2,003	4,181
Disposals	(36)	–	(123)	–	(159)
At 31 December 2011	3,792	–	3,454	2,003	9,249
DEPRECIATION AND IMPAIRMENT					
At 1 May 2010	383	–	44	–	427
Provided for the year	68	21	57	–	146
Reclassified to investment properties	–	(21)	–	–	(21)
At 30 April 2011	451	–	101	–	552
Provided for the period	728	–	459	155	1,342
Disposals	(35)	–	(49)	–	(84)
At 31 December 2011	1,144	–	511	155	1,810
CARRYING VALUES					
At 31 December 2011	2,648	–	2,943	1,848	7,439
At 30 April 2011	1,492	–	3,183	–	4,675

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 terms of relevant lease
Buildings	2.4%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

The net book value of furniture, fixtures and equipment of HK$2,943,000 (30.4.2011: HK$3,183,000) includes an amount of HK$160,000 (30.4.2011: HK$179,000) in respect of assets held under finance leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

16. PREPAID LEASE PAYMENTS

	HK$'000
COST	
At 1 May 2010	–
Additions	8,978
Reclassified to investment properties	(8,978)
At 30 April 2011 and 31 December 2011	–
AMORTISATION	
At 1 May 2010	–
Charge for the year	89
Reclassified to investment properties	(89)
At 30 April 2011 and 31 December 2011	–
CARRYING VALUE	
At 30 April 2011 and 31 December 2011	–

The Group's prepaid lease payments represented the leasehold land in PRC.

17. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 May 2010	–
Transfer from prepaid lease payments	8,889
Transfer from property, plant and equipment	2,071
Exchange realignment	346
At 30 April 2011	11,306
Exchange realignment	236
At 31 December 2011	11,542

During the year ended 30 April 2011, the Group purchased the new office units originally for own use. In view of the size of office units was not enough for Group's operation, the Group had moved to another larger office and rented out the office units to third parties. Therefore, the relevant prepaid lease payments and property, plant and equipment had been transferred to investment properties during the year ended 30 April 2011.

The fair value of the Group's investment properties at 31 December 2011 has been arrived on the basis of a valuation carried out on that date by an independent firm of surveyors, Avista Valuation Advisory Limited. The valuation was determined on the basis of discounted cash flow projections based on estimates of future rental income from properties using market rentals and yields as inputs.

The above investment properties are located outside Hong Kong and held under medium-term lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

18. TRADING RIGHTS

Amount represents the rights to trade on or through the Stock Exchange. As the trading rights have indefinite live, the amount is carried at cost less any subsequent accumulated impairment loss, if any.

19. STATUTORY DEPOSITS

Amounts represent the statutory deposits placed with the Stock Exchange.

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Trade receivables from trading business	**18,765**	6,668
Trade receivables arising from the business of securities brokerage		
– Cash clients	**1**	1,014
– Hong Kong Securities Clearing Company Limited	**–**	62
	1	1,076
Loans to securities margin clients	**10,567**	–
Other receivables and prepayments	**4,079**	3,513
	33,412	11,257

The following is an aged analysis of trade receivables at the end of the reporting period:

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
0 to 30 days	**11,697**	6,550
31 to 60 days	**6,152**	1,194
61 to 90 days	**917**	–
	18,766	7,744

As at 30 April 2011, trade and other receivables and prepayments of approximately HK$7,428,000 were denominated in RMB, the currency other than the functional currency of the respective group entities.

The Group allows a credit period of 60 days (30.4.2011: 45 days) to its trading customers from trading businesses. Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$917,000 (30.4.2011: HK$99,000) as at 31 December 2011, which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change on credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these trade receivables is 50 days (30.4.2011: 48 days) as at 31 December 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

In the opinion of the directors, the Group has maintained good 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 customers. Such credit limit is reviewed by the management periodically.

The settlement terms of trade receivables arising from the business of securities brokerage are usually one to two days after the trade date. The directors will follow up the trade receivables that had been over the settlement terms.

Loans to securities margin clients are repayable on demand and bear interest from 8% to 13% (30.4.2011: nil) per annum. In the opinion of the directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately of HK$70,602,000 (30.4.2011: nil). The average percentage of collateral over the outstanding balance as at 31 December 2011 is 668% (30.4.2011: nil). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans respectively. The Group is permitted to sell or repledge the marketable securities if the customer defaults the payment.

21. BANK BALANCES AND CASH

Bank balances (trust and segregated accounts)

From the Group's securities brokerage business, it receives and holds money deposited by clients in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more segregated bank accounts and bear prevailing market deposit rates at 0.001% (30.4.2011: 0.01%) per annum. The Group has recognised the corresponding trade payable to respective clients. However, the Group does not have a currently enforceable right to offset those payables with the deposits placed.

Bank balances (general accounts) and cash

The amounts included short-term deposits with an original maturity of three months or less. Bank deposits received interest at prevailing market interest rates at 0.001% to 0.5% (30.4.2011: 0.01%) per annum. As at 30 April 2011, bank balances (general accounts) and cash of approximately HK$5,189,000 were denominated in RMB, the currency other than the functional currency of the respective group entities. There was no amount denominated in currencies other than the functional currency of the respective group entities as at 31 December 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

22. TRADE AND OTHER PAYABLES AND ACCRUALS

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Trade payables from trading business	**8,622**	96
Trade payables arising from the business of securities brokerage and financial services		
– cash clients	**1,104**	1,363
– Hong Kong Securities Clearing Company Limited	**1,258**	–
	2,362	1,363
Amounts due to securities margin client	**42**	–
Other payables and accruals	**3,741**	3,857
	14,767	5,316

Trade payables from trading business were aged within 60 days (30.4.2011: 60 days) at 31 December 2011.

The settlement term of trade payables arising from business of securities brokerage and financial services is two days after the trade date and aged within 30 days.

Amounts due to securities margin clients are repayable on demand and interest free. In the opinion of the directors, no aged analysis is disclosed for amounts due to securities margin clients as the aged analysis does not give additional value.

As at 30 April 2011, trade and other payables and accruals of approximately HK$174,000 were denominated in RMB, the currency other than the functional currency of the respective group entities. There was no amount denominated in currencies other than the functional currency of the respective group entities as at 31 December 2011.

23. OBLIGATIONS UNDER FINANCE LEASES

	31.12.2011 HK$'000	30.4.2011 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**37**	37
Non-current liabilities	**107**	128
	144	165

During the year ended 30 April 2011, the Group had entered into finance leases for certain of its office equipment with lease term of 5 years. Interest rates underlying all obligations under finance leases were fixed at 0.7% per annum. No arrangements had been entered into for contingent rental payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

23. OBLIGATIONS UNDER FINANCE LEASES *(Continued)*

	Minimum lease payments		Present value of minimum lease payments	
	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000	**1.5.2011 to 31.12.2011 HK$'000**	1.5.2010 to 30.4.2011 HK$'000
Amounts payable under finance leases				
Within one year	**38**	38	**37**	37
In more than one year but not more than two years	**38**	38	**37**	37
In more than two years but not more than five years	**70**	92	**70**	91
	146	168	**144**	165
Less: Future finance charges	**(2)**	(3)	**N/A**	N/A
Present value of lease obligations	**144**	165	**144**	165
Less: Amount due for settlement within one year (shown under current liabilities)			**(37)**	(37)
Amount due for settlement after one year			**107**	128

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

24. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each		Nominal value	
	1.5.2011 to 31.12.2011	1.5.2010 to 30.4.2011	**1.5.2011 to 31.12.2011 HK$'000**	1.5.2010 to 30.4.2011 HK$'000
Authorised:				
At beginning and end of the period/year	**2,000,000,000**	2,000,000,000	**200,000**	200,000
Issued and fully paid:				
At beginning of the period/year	**1,178,402,911**	841,716,365	**117,840**	84,172
Shares issued *(note)*	**–**	336,686,546	**–**	33,668
At end of the period/year	**1,178,402,911**	1,178,402,911	**117,840**	117,840

Note: On 24 March 2011, the Company allotted and issued 336,686,546 shares by way of rights issue at a subscription price of HK$0.42 per rights share on the basis of two rights share for every five shares held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

25. ACQUISITION OF A SUBSIDIARY

On 28 April 2011, the Group acquired the entire share capital in Sheng Yuan Securities Limited ("SYSL") from Global Strategy Investment Limited (the "Acquisition"), with SYSL principally engaged in the securities brokerage and financial services. The fair value of the consideration for the Acquisition was cash consideration of HK$17,700,000. This Acquisition had been accounted for using the acquisition method.

Acquisition-related costs amounting to HK$1,275,000 have been excluded from the consideration transferred and had been recognised as an expense for the year ended 30 April 2011, within the administrative expenses in the consolidated statement of comprehensive income.

Assets acquired and liabilities recognised as at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	4,505
Trading rights	2,822
Statutory deposits	205
Trade and other receivables and prepayments	1,512
Bank balances (trust and segregated accounts)	419
Bank balances (general accounts) and cash	10,227
Trade and other payables and accruals	(1,825)
Obligations under finance leases	(165)
	17,700
Total consideration satisfied by cash	17,700
Net cash outflow arising on Acquisition:	
Cash consideration paid	(17,700)
Bank balances (general accounts) and cash acquired	10,227
	(7,473)

The fair value of trade and other receivables at the acquisition date amounted to HK$1,304,000 which was same as the gross contractual amounts.

The acquired subsidiary contributed loss of approximately HK$54,000 to the Group's loss for the period between the date of acquisition and the year ended 30 April 2011.

Had the Acquisition been completed on 1 May 2010, total group revenue for the year ended 30 April 2011 would have been approximately HK$19,865,000, and loss for the year ended 30 April 2011 would have been approximately HK$17,562,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 May 2010, nor is it intended to be a projection of future results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

26. CONVERTIBLE NOTES

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

(a) 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 with a maturity date of 16 July 2012. The 5% Notes are denominated in Hong Kong dollars. The noteholder has the rights 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 noteholder. During the year ended 30 April 2010, the noteholder had converted the convertible notes into shares with par value of HK$36,000,000. The 5% Notes with par value of HK$15,600,000 had not been converted afterwards and remained outstanding as at 30 April 2011 and 31 December 2011. As at 31 December 2011, the liability component of the 5% Notes was classified as current liabilities since the 5% Notes will be matured within 12 months as at 31 December 2011.

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".

During the year ended 30 April 2011, the conversion price had been adjusted to HK$0.10 after the rights issue as disclosed in note 24.

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

On 17 November 2009 and 29 April 2010, with Company issued 2% Notes at a par value of HK$5,152,000 and HK$39,266,000 and with a maturity date of 17 November 2012 and 29 April 2013 respectively. The 2% Notes are denominated in Hong Kong dollars. The noteholder has the rights 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 notes (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 noteholder. As at 31 December 2011, the liability component of the 2% Notes that mature on 17 November 2012 was classified as current liabilities since the relevant 2% Notes will be matured within 12 months as at 31 December 2011. The total principal amount of the 2% Notes amount to HK$44,418,000 remind outstanding as at 31 December 2011.

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".

During the year ended 30 April 2011, the conversion price had been adjusted to HK$0.16 after the rights issue as disclosed in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

26. CONVERTIBLE NOTES *(Continued)*

The 5% Notes and 2% Notes are held by Front Riches as at 31 December 2011 and 30 April 2011.

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

	5% Notes HK$'000	2% Notes HK$'000	Total HK$'000
At 1 May 2010	14,125	34,568	48,693
Interest expenses	1,410	3,900	5,310
Interest paid	(780)	(888)	(1,668)
At 30 April 2011	14,755	37,580	52,335
Interest expenses	985	2,828	3,813
Interest paid	(524)	(594)	(1,118)
At 31 December 2011	15,216	39,814	55,030

	31.12.2011 HK$'000	30.4.2011 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**19,948**	–
Non-current liabilities	**35,082**	52,335
	55,030	52,335

27. SHARE OPTIONS 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 27 August 2010, the Company can grant 84,171,636 share options to the Qualified Persons, until the next time of refreshment. At the annual general meeting of the Company, dated 16 September 2011, the Company passed the resolution that the Company can grant 178,402,911 share options to the Qualified Persons until the next time of refreshment.

Subscription price in relation to each option pursuant to the Option Scheme shall be not less than the highest 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 under the Scheme but the options are exercisable within the option period as determined by the Board of Directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

27. SHARE OPTIONS SCHEME *(Continued)*

The following table discloses details of the options held by Qualified Persons (including directors) and movements in such holdings during the period/year.

					Number of options					
Grantee	Date of grant	Exercise price HK$ *(note 1)*	Vesting period	Exercisable period	Outstanding at 1 May 2010	Transfer (out) in *(note 2)*	Adjustment by rights issue *(note 3)*	Outstanding at 30 April 2011	Granted during the period	Outstanding at 31 December 2011
Executive directors:										
Lin Min	25.8.2009	1.587	N/A	25.8.2009 to 24.8.2012	2,700,000	–	380,700	3,080,700	–	3,080,700
	25.8.2011	0.560	N/A	25.8.2011 to 25.8.2021	–	–	–	–	3,560,000	3,560,000
	25.8.2011	0.560	25.8.2011 to 24.8.2012	25.8.2012 to 25.8.2021	–	–	–	–	5,340,000	5,340,000
Yip Kar Hang, Raymond	25.8.2009	1.587	N/A	25.8.2009 to 24.8.2012	6,900,000	–	972,900	7,872,900	–	7,872,900
	25.8.2011	0.560	N/A	25.8.2011 to 25.8.2021	–	–	–	–	4,400,000	4,400,000
	25.8.2011	0.560	25.8.2011 to 24.8.2012	25.8.2012 to 25.8.2021	–	–	–	–	6,600,000	6,600,000
Independent non-executive directors:										
Chan Chi On, Derek	25.8.2011	0.560	N/A	25.8.2011 to 25.8.2021	–	–	–	–	240,000	240,000
	25.8.2011	0.560	25.8.2011 to 24.8.2012	25.8.2012 to 25.8.2021	–	–	–	–	360,000	360,000
Cheung Kwok Keung	25.8.2009	1.587	N/A	25.8.2009 to 24.8.2012	600,000	–	84,600	684,600	–	684,600
	25.8.2011	0.560	N/A	25.8.2011 to 25.8.2021	–	–	–	–	240,000	240,000
	25.8.2011	0.560	25.8.2011 to 24.8.2012	25.8.2012 to 25.8.2021	–	–	–	–	360,000	360,000
Lam Kam Tong	25.8.2011	0.560	N/A	25.8.2011 to 25.8.2021	–	–	–	–	240,000	240,000
	25.8.2011	0.560	25.8.2011 to 24.8.2012	25.8.2012 to 25.8.2021	–	–	–	–	360,000	360,000
Chan Ho Sun, Sunny	25.8.2009	1.587	N/A	25.8.2009 to 24.8.2012	600,000	(600,000)	–	–	–	–
Lau On Kwok	25.8.2009	1.587	N/A	25.8.2009 to 24.8.2012	600,000	(600,000)	–	–	–	–
Others	25.8.2009	1.587	N/A	25.8.2009 to 24.8.2012	1,500,000	1,200,000	380,700	3,080,700	–	3,080,700
	25.8.2011	0.560	N/A	25.8.2011 to 25.8.2021	–	–	–	–	19,320,000	19,320,000
	25.8.2011	0.560	25.8.2011 to 24.8.2012	25.8.2012 to 25.8.2021	–	–	–	–	28,980,000	28,980,000
					12,900,000	–	1,818,900	14,718,900	70,000,000	84,718,900

Notes:

(1) The exercise price for the option granted on 25 August 2009 had been adjusted from HK$1.81 to HK$1.587 with the rights issue as disclosed in note 24.

(2) Mr. Chan Ho Sun, Sunny and Mr. Lau On Kwok resigned as directors of the Company on 3 November 2010 and 7 January 2011 respectively. In appreciation of their contribution to the Group, the Board of Directors has agreed that the options held by them should continue to be exercisable until the end of the exercisable period.

(3) The rights issue as disclosed in note 24 constitutes a reorganisation of capital structure pursuant to Clause 10 of the Option Scheme and adjustments have to be made to the subscription prices and the number of shares subject to the Option Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

27. SHARE OPTIONS SCHEME *(Continued)*

The Company granted 70,000,000 share options during the period from 1 May 2011 to 31 December 2011. 40% of the share options granted (equivalent to 28,000,000 share options) vested immediately. The remaining 60% of share options granted (equivalent to 42,000,000 share options) would be vested 1 year after grant date.

The closing price of the Company's shares immediately before 25 August 2011, the date of grant, was HK$0.57.

The Binomial model has been used to estimate the fair value of the options as at the grant date, 25 August 2011. The fair value of the options for the 40% of the share options and 60% of the share options determined at the date of grant using the Binomial model were HK$8,249,000 and HK$13,335,000 respectively.

The following assumptions were used to calculate the fair value of the share option:

Grant date share price	HK$0.56
Exercise price	HK$0.56
Expected life	10 years
Expected volatility	77%
Dividend yield	0%
Risk-free interest rate	1.76%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous ten 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$12,948,000 (1.5.2010 to 30.4.2011: nil) for the period from 1 May 2011 to 31 December 2011 in relation to share options granted by the Company.

28. 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:

	31.12.2011 **HK$'000**	30.4.2011 HK$'000
Within one year	**5,810**	5,768
In the second to fifth year inclusive	**4,794**	8,752
	10,604	14,520

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

28. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as lessor

Property rental income earned during the period/year was approximately HK$315,000 (1.5.2010 to 30.4.2011: HK$18,000). As at 31 December 2011, all of the properties held have committed tenants for the next two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	31.12.2011 HK$'000	30.4.2011 HK$'000
Within one year	**513**	215
In the second to fifth year inclusive	**415**	144
	928	359

29. CAPITAL AND OTHER COMMITMENTS

Capital commitments

	31.12.2011 HK$'000	30.4.2011 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**–**	1,065

Other commitments

At the end of the reporting period, the Group had commitments for future service payments for the security trading server under non-cancellable service agreement which fall due as follows:

	31.12.2011 HK$'000	30.4.2011 HK$'000
Within one year	**502**	534
In the second to fifth year inclusive	**23**	258
	525	792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

30. 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. Contributions are made based on a percentage of the employee's salaries and are charged to the consolidated statement of comprehensive income as incurred in accordance with the rules of the MPF scheme.

The employees of the Group's subsidiary in PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligations of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the consolidated statement of comprehensive income of HK$357,000 (1.5.2010 to 30.4.2011: HK$54,000) represents contributions paid to the schemes by the Group at rates specified in the rules of the schemes.

31. RELATED PARTY TRANSACTIONS

(a) During the period from 1 May 2011 to 31 December 2011, the Company recognised interest expenses on convertible notes of HK$3,813,000 (1.5.2010 to 30.4.2011: HK$5,310,000) which are held by Front Riches, the ultimate holding company of the Group.

(b) During the period from 1 May 2011 to 31 December 2011, the Group recognised management fee income on asset management of approximately HK$454,000 (1.5.2010 to 30.4.2011: nil) from Sheng Yuan China Growth Fund (the "Fund") in which Ms. Lin Min, the chairlady and an executive director of the Company, and Mr. Hu Yishi, the spouse of Ms. Lin Min and the controlling shareholder of the Company, together held 100,000 participating shares out of 102,500 participating shares in the Fund.

(c) Compensation of key management personnel

Compensation of key management represents directors' remunerations during the period/year and was as follows:

	1.5.2011 to 31.12.2011 HK$'000	1.5.2010 to 30.4.2011 HK$'000
Salaries and other short-term employee benefits	**4,029**	1,000
Share options expense	**4,212**	–
	8,241	1,000

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 May 2011 to 31 December 2011

32. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The following table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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		Principal activities
				31.12.2011	30.4.2011	
Kingwell Management Limited	Hong Kong	Hong Kong	HK$1,000,000	**100%**	100%	Providing of administrative services to the Group
Sheng Yuan Securities Limited	Hong Kong	Hong Kong	HK$50,000,000	**100%**	100%	Securities brokerage, margin financing and financial services
Sheng Yuan Investment Advisors Limited	Hong Kong	Hong Kong	HK$5,000,000	**100%**	100%	Investment advisory services
Sheng Yuan Asset Management Limited	Hong Kong	Hong Kong	HK$5,000,000	**100%**	100%	Provision of investment management and advisory services
Sheng Yuan Capital (Hong Kong) Limited	Hong Kong	Hong Kong	HK$5,000,000	**100%**	100%	Capital management services
Sun Profit (China) Limited	Hong Kong	Hong Kong	HK$1	**100%**	100%	Investment holding
順盈貿易(上海)有限公司 *(Note)*	PRC	PRC	US$6,000,000	**100%**	100%	Trading of telecommunication equipment

Note: The subsidiary was registered as a wholly-owned foreign enterprise under the PRC law.

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

FINANCIAL SUMMARY

	Year ended 30 April 2008 HK$'000 (restated)	2009 HK$'000	2010 HK$'000	2011 HK$'000 (restated)	**Period from 1 May 2011 to 31 December 2011 HK$'000**
RESULTS					
Revenue	35,395	23,546	7,782	19,776	**47,491**
(Loss)profit before taxation	(74,848)	31,226	(19,359)	(13,070)	**(40,367)**
Taxation	(5,287)	–	–	–	**–**
(Loss)profit for the year/period	(80,135)	31,226	(19,359)	(13,070)	**(40,367)**

	At 30 April 2008 HK$'000 (restated)	2009 HK$'000	2010 HK$'000	2011 HK$'000	**At 31 December 2011 HK$'000**
ASSETS AND LIABILITIES					
Total assets	32,589	17,690	44,389	175,042	**160,607**
Total liabilities	(108,487)	(59,001)	(54,223)	(57,816)	**(69,941)**
	(75,898)	(41,311)	(9,834)	117,226	**90,666**

PARTICULARS OF INVESTMENTS PROPERTIES

PARTICULARS OF INVESTMENTS PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Unit 609, Jing An China Tower, 1701 Beijing West Road, Shanghai, The PRC	Office	Medium-term lease	100%
Unit 1604, Jing An China Tower, 1701 Beijing West Road, Shanghai, The PRC	Office	Medium-term lease	100%