



大唐投資國際有限公司*
GRAND INVESTMENT INTERNATIONAL LTD.

(incorporated in Bermuda with limited liability)

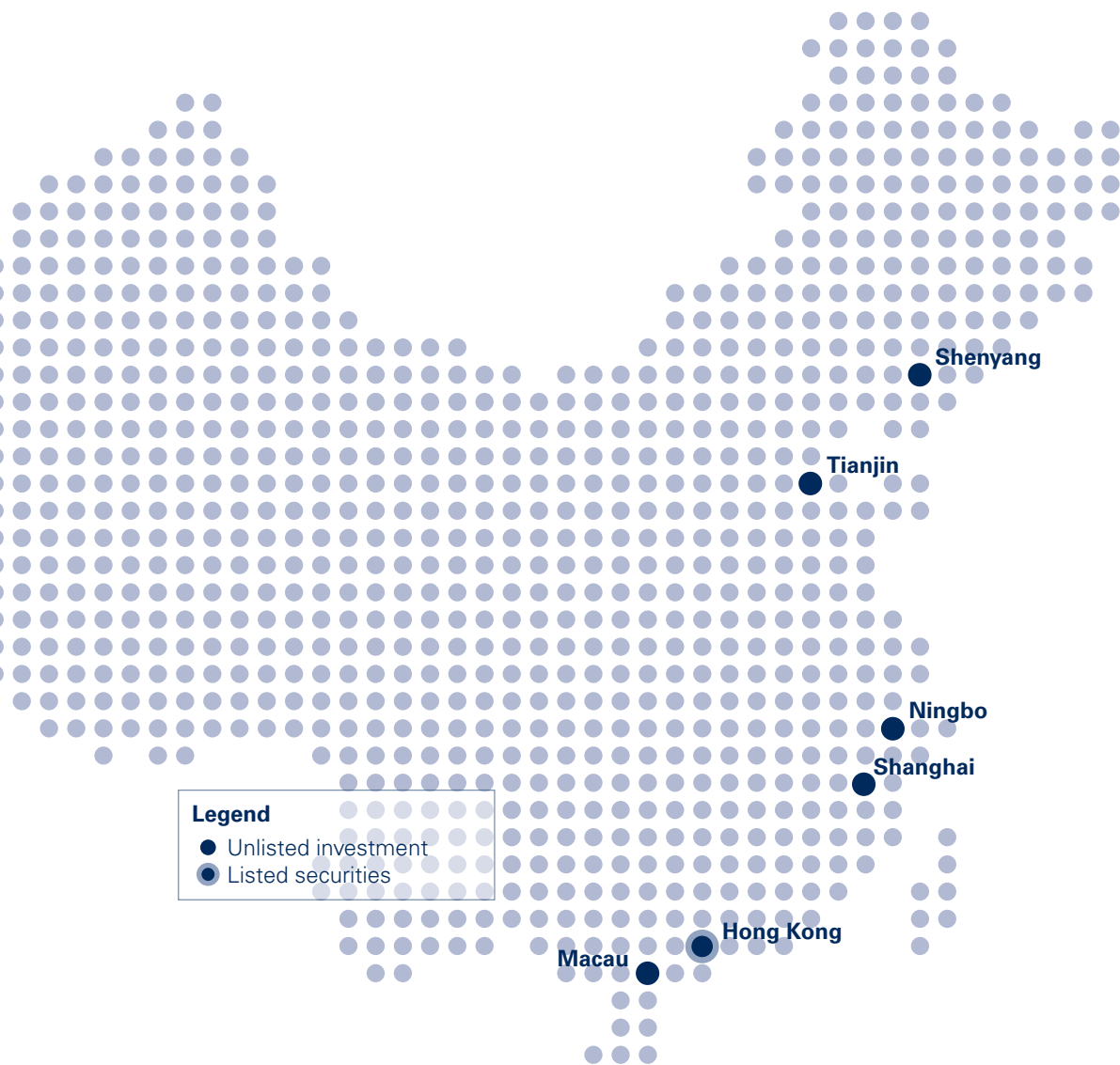
Stock Code: 1160

Positioned for GROWTH



2007-08

Annual Report



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr Lee Tak Lun
Miss Lee Wai Tsang, Rosa
Ms Chung Wing Han, Wendy
Dr Huang Zhijian
Mr Chou Ping-chun, Benji (resigned on 1 June 2007)

Non-Executive Director

Mr Lee Woo Sing (*Chairman*)

Independent Non-Executive Directors

Mr Lu Fan
Mr Yao Cho Fai, Andrew
Dr Zhang Hongru

COMPANY SECRETARY

Ms Chung Wing Han, Wendy

AUDIT COMMITTEE

Mr Lu Fan
Mr Yao Cho Fai, Andrew
Dr Zhang Hongru

INVESTMENT MANAGER

Grand Investment (Securities) Limited
22/F Entertainment Building
30 Queen's Road Central
Hong Kong

AVANTA Investment Management Limited
Unit 1701, Tower Two
Lippo Centre
89 Queensway
Hong Kong

CUSTODIAN

Wing Hang Bank, Limited
161 Queen's Road Central
Hong Kong

PRINCIPAL BANKER

Wing Hang Bank, Limited
161 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 22nd Floor, Entertainment Building
30 Queen's Road Central
Hong Kong

AUDITORS

BKR Lew & Barr Limited
(now known as East Asia Sentinel Limited)
12th Floor, Dina House
Ruttonjee Centre
11 Duddell Street
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law:
Chiu & Partners
41st Floor, Jardine House
1 Connaught Place
Hong Kong

As to Bermuda law:
Conyers Dill & Pearman
2901, One Exchange Square
8 Connaught Place, Central
Hong Kong



Chairman's Statement

China Q1GDP had dropped slightly from 11.2% year-on-year to 10.6%. Inflation continues to play a critical role and have moved above 8%. With real growth at only around 3.2%, the problem with higher inflations could potentially lead to wage-price spiral, higher food and commodities prices such that it will negatively impact the disposable income, reduce consumer purchasing power and adding further downward pressure on growth.

At this point, we expect the Chinese authorities to continue its effort to further tighten inflationary measures and implement policies to curb inflation. The mix of growth and inflation may have a negative impact on economies, and aggravating existing economic weakness on a global level. The People's Bank of China has compensated with its own interest rate hike, but China is not expected to attribute tremendous support to the global economy in the coming quarters. Equities markets have recovered some grounds since mid March, and it appears the worst of the sell off had subsided for now. The cyclical risk is still there with decelerating profit growth and slowing economic growth globally.

Having said that, we are still confident in the China story for the medium and long term. The securities in Hong Kong and China will still be under pressure from global equities. Earnings will also be under pressure especially with the current and short term economic challenges ahead. While the growth in the retail sector will be moderate if not deteriorate, retail in China will continue to grow. Within Hong Kong, low interest rate has been pushing the real estate market since the last few quarters of 2007, corrections in the near 6-9 months may dampen the resilience in the property market as well as property development stocks. Though we proceed with caution in our investment, we believe opportunities still exist in China and Hong Kong. Our team is dedicated to making their best efforts to maximize the return for our shareholders with prudence by not exposing the Company to unnecessary risks.

Lee Woo Sing

Chairman

Hong Kong 25 June 2008



Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

Operating Review

The principal activity of the Company is investing in both listed and unlisted securities in Hong Kong and China. In the Year under review, the Company's investment portfolio comprised of listed securities in Hong Kong and shares of unlisted companies in China. The Company has invested in various industries in China with the view of capitalizing on the economic expansion in China, and has adopted the strategy of looking for investment opportunities that will enable the Company's investments to exit strategically and profitably.

Operating Results

During the Year, the Company recorded a profit of approximately HK\$6,093,000 (2007: approximately HK\$14,931,000). Decrease in profit in the Year under review over the previous one is attributed to the unrealized holding loss on investment and a drop in realized profit derived from the disposal of investments. For the year ended 31 March 2008, the Company recorded approximately HK\$10,593,000 (2007: HK\$21,740,000) in turnover, comprising realized gain of approximately HK\$12,608,000 (2007: HK\$14,722,000) and net unrealized loss of the listed securities and investments portfolio of approximately HK\$2,701,000 (2007: approximately gain of HK\$5,161,000).

Prospects

The Hong Kong Hang Seng Index went through twelve volatile months of trading between 2007 and 2008. Starting from early April to late October of 2007, the index went from 19,900 to 31,958 within six months. Then, the index dropped from its peak to the lowest level of 20,572 in mid-March losing nearly 36% of its value. The short-lived run-up was followed by heavy correction throughout the first three months of 2008. The 200 billion turnover volume of the equities market shrank more than half in the first quarter of this year. With the Company's financial year ends on 31 March, the equities portfolio return was affected by the unrealized loss incurred as a result of the market condition. Having said that, our strategy of matching short term and long term investment was able to offer a balanced and positive return on the overall portfolio. Although China had maintained robust growth, it is not without challenges. Aside from the equities market corrections in the first three months of this year, we continue to believe in the China story for the medium to long term.

DIVIDENDS

The Directors are pleased to recommend a final dividend of HK\$0.02 per share in respect of the year ended 31 March 2008. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting ("Annual General Meeting") of the Company, the final dividend is expected to be paid to those shareholders whose names are on the register of members of the Company on 28 July 2008. (2007: HK\$0.045)

The dividend cheques are expected to be posted on Tuesday, 29 July 2008.



Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2008, the Company had bank balances of approximately HK\$20.4 million (2007: HK\$9 million).

The Board concludes that the Company has sufficient financial resources to satisfy its immediate investment and working capital requirements. There was no long term borrowing and calculation of gearing ratio was not applicable (2007: N/A).

The Company had net assets of approximately HK\$73 million (2007: HK\$74 million), which it expects to use for new potential investment opportunities.

INVESTMENT PORTFOLIOS

The Company's investment portfolio comprised of listed and unlisted investments in Hong Kong and China.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company held assets and liabilities denominated in Hong Kong Dollars and RMB. Accordingly, it is subjected to limited exposure of foreign exchange fluctuation.

CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2008, there were no charges on the Company's assets or any significant contingent liabilities. (2007: Nil).

CAPITAL EXPENDITURES AND COMMITMENTS

The Company had capital commitments amounted to HK\$5,460,000 as at 31 March 2008.

CAPITAL STRUCTURE

During the Year, the authorized share capital of the Company was increased from HK\$20,000,000 to HK\$100,000,000 by the creation of an additional 800,000,000 new ordinary shares (the "Shares") of HK\$0.10 each as approved by the shareholders of the Company at a special general meeting of the Company held on 12 December 2007.



Management Discussion and Analysis

The issued share capital of the Company was increased from HK\$8,640,000 comprising 86,400,000 Shares to HK\$17,280,000 comprising 172,800,000 Shares as a result of a bonus issue of Shares, credited as fully paid, by way of capitalization of an aggregate amount of HK\$8,640,000 from the Company's share premium account, on the basis of one bonus Share for every one existing Share then held by the shareholders of the Company whose names appear on the Company's register of members on 8 August 2007. A total of 86,400,000 bonus Shares were allotted and issued on 10 August 2007.

Except for the above, there has been no change in the capital structure of the Company for the Year.

EMPLOYEES

As at 31 March 2008, the Company had 8 employees (2007: 9), including the executive, non-executive and independent non-executive Directors. Total staff cost for the Year was HK\$0.7 million (2007: HK\$2.6 million). The Company's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of the individual. The size of the Company's work force is expected to remain more or less the same in the coming year.

APPRECIATIONS

On behalf of the Board, I would like to extend our greatest appreciation to all our shareholders for their continuous trust and support. My gratitude goes to our executive Directors and independent non-executive Directors for their dedication to their roles and commitments.

Lee Wai Tsang, Rosa

Executive Director

Hong Kong SAR, 25 June 2008



Corporate Governance Report

The Company is committed to the practice and high standards of corporate governance with a view to enhance transparency, accountability and protecting the interest of the stakeholders.

BOARD OF DIRECTORS

Composition

During the Year under review, the Board consists of four executive Directors, one non-executive Director and three independent non-executive Directors (“INED(s)”). Biographical details of each Director are set out on pages 13 to 15 of this Annual Report. All INEDs of the Company have complied with the provisions set out in Rule 3.13 of the Listing Rule and have confirmed they are independent of the Company and the Company also considers that they are independent as defined in the Listing Rules.

Mr. Lee Woo Sing, Chairman and non-executive Director of the Company, is the father of Mr. Lee Tak Lun and grandfather of Miss Lee Wai Tsang Rosa, both being executive Directors. Mr. Lee Tak Lun is the father of Miss Lee Wai Tsang Rosa. Save as the above, there is no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

ROLE OF THE BOARD

The Board is responsible for development of strategies and monitoring business performance of the Company. Every Director is kept informed of his responsibilities as a director of the Company under the laws of Hong Kong and the Listing Rules and of the conduct, business activities and development of the Company. All Directors have access to the advice and relevant information from the Company Secretary to ensure that procedures of the Board and all applicable rules and regulations are followed. All INEDs also have independent access to the executive Directors in respects of operating issues.

A Director’s Handbook which sets out the guidelines on the conduct of which directors of a listed company should follow is issued to every director. The handbook also outlines the responsibilities of making disclosure of personal interest, change in personal particulars, potential conflict of interest to the Stock Exchange in a timely manner.

Notice of regular Board meetings are served to all Directors at least 14 days before the meetings. Upon convening of a Board meeting, drafts of agenda and relevant documents are sent to directors for review and comment. The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. According to the current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. During the year ended 31 March 2008, 4 meetings of the Board were held.



Corporate Governance Report

The following is the attendance record of the meetings:

Name of Directors	No. of Meetings Attended/Held	Attendance Rate
<i>Executive Directors</i>		
Mr. Lee Tak Lun	4/4	100%
Miss Lee Wai Tsang, Rosa	4/4	100%
Ms. Chung Wing Han, Wendy	4/4	100%
Dr. Huang Zhijian	3/3	100%
Mr. Chou Ping-chun, Benji (resigned on 1 June 2007)	3/3	100%
<i>Non-executive Director</i>		
Mr. Lee Woo Sing	2/3	67%
<i>Independent Non-Executive Directors</i>		
Mr Lu Fan	3/3	100%
Mr Yao Cho Fai, Andrew	3/3	100%
Dr Zhang Hongru	3/3	100%

During the Year, the Company has complied with all the applicable code provisions ("Code Provision") set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 to the Listing Rules except for the deviations from Code Provisions A.2.1 and A.4.1 which are explained below:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lee Woo Sing is the chairman of the Board. The Company has not appointed any chief executive officer since its inception. Given the current size and structure of the Company, the Board considers that such appointment is not required as the existing structure has a well-balanced of authorities, responsibilities and accountability among the members of the Board (which comprises experienced and high caliber individuals who meet regularly to discuss issues and affairs affecting the operations of the Company), the management and the investment manager of the Company.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive directors of the Company is appointed for specific term but is subject to retirement by rotation in accordance with the bye-laws of the Company at least once every three years.

The reason for the deviation is that the Directors do not consider that arbitrary term which limits on Director's service are appropriate and the current practice of retirement by rotation has given the Company's shareholders the right to assess the performance of the retiring Directors and the opportunity to approve the continuation of the service of those Directors. The Board will review this practice from time to time.



Corporate Governance Report

The Directors are fully indemnified against costs, charges, losses, expenses and liabilities that may be incurred by them in the course of execution and discharge of their duties or any matters in relation thereto. A Directors' and Officers' Liability Insurance policy has been arranged for providing the indemnity.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibilities to prepare financial statements of the Company for each financial period which give a true and fair view of the state of affairs of the Company and that the financial statements are prepared in accordance with the statutory and regulatory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Company. The Directors confirm that, to the best of their knowledge and, having made appropriate enquires, consider that the Company has adequate resources to continue in operational existence for the foreseeable futures and have prepared the financial statements on a going concern accordingly.

AUDIT COMMITTEE

The Company has established with written terms of reference, an Audit Committee whose members are Mr. Lu Fan, Mr. Yao Cho Fai, Andrew and Dr. Zhang Hongru, being independent non-executive Directors. The duty of the Audit Committee includes reviewing all matters relating to the scope of audit, such as the financial statements, and providing supervision over the Company's financial reporting procedures and internal control system. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and has discussed the auditing, internal control and financial reporting matters for the Year. The Audit Committee has also reviewed the annual results of the Company for the Year.

The Audit Committee held 2 meetings in the financial year ended 31 March 2008. The following is the attendance record of the meetings held by the Audit Committee for the Year under review:

Name of Committee Members	No. of Meetings Attended/Held	Attendance Rate
Mr Lu Fan (<i>Chairman</i>)	2/2	100%
Mr Yao Cho Fai, Andrew	2/2	100%
Dr Zhang Hongru	2/2	100%

The work performed by the Audit Committee during the Year under review is listed below:

1. reviewing and approving financial statements, auditors' reports before submitting them to the Board and relating press announcements;
2. considering the accounting policies adopted by the Company;
3. reviewing the internal control and financial systems of the Company; and
4. reviewing the work of the external auditors, evaluating their performance, and making recommendation as to their appointment.



Corporate Governance Report

After thorough review, discussion and consideration by the Audit Committee, the Audit Committee recommended to the Board:

1. to approve the audited financial statements for the year ended 31 March 2008 together with the Report of Directors and Auditors' Report thereon before the result announcement; and
2. to propose in the forthcoming Annual General Meeting for re-appointing East Asia Sentinel Limited (formerly known as BKR Lew and Barr Limited) ("Auditors") as Auditors of the Company for the ensuing year and to hold office until conclusion of the next Annual General Meeting at a fee to be agreed with the Directors.

The Audit Committee of the Company does not include a former partner of the existing Auditors of the Company. During the financial year under review, the amount of remuneration paid to the Auditor were as below:

Nature of Services	HK\$'000
Audit services	146
Other advisory services	–

The Audit Committee has been provided with sufficient resources to discharge its responsibilities. The Audit Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.

REMUNERATION COMMITTEE

The Company has set up with written terms of reference a Remuneration Committee whose members are Mr. Lu Fan, Mr. Yao Cho Fai, Andrew and Dr. Zhang Hongru being independent non-executive Directors. The major role and functions of the Remuneration Committee are to formulate, review and deliberate on the remuneration policy and related matters of the Company. The Company's remuneration policy is in line with the prevailing market practices and is determined primarily on the basis of performance and experience of each Director.

The Remuneration Committee held 3 meetings in the financial year ended 31 March 2008. The following is the attendance record of the meetings held by the Remuneration Committee for the Year under review:

Name of Committee Members	No. of Meetings Attended/Held	Attendance Rate
Mr Lu Fan (<i>Chairman</i>)	3/3	100%
Mr Yao Cho Fai, Andrew	3/3	100%
Dr Zhang Hongru	3/3	100%



Corporate Governance Report

During the Year under review, the Remuneration Committee has, amongst others things, undertaken the following tasks:

1. considered and adopted the terms of reference for the Remuneration Committee to ensure compliance with the Listing Rules;
2. made recommendations to the Board regarding the Company's remuneration policy and for the formulation and review of the specific remuneration package of all Directors and senior management of the Company; and
3. considered and dealt with the matters of appointment, retirement and re-election of the Directors.

The Remuneration Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.

APPOINTMENT OF DIRECTOR

According to the Bye-Laws of the Company, the Board is empowered to appoint director(s) any time so as to fill a casual vacancy or, to add a new member of the Board. Appointment is made on basis of the qualifications, experience and personality of the appointee. During the Year under review, the Company has not established any Nomination Committee, but the Remuneration Committee is responsible for the function of the Nomination Committee in dealing with matters of appointment, retirement and re-election of the Directors. During the Year under review, there were no changes to the Remuneration Committee members of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities by Directors of Listed Issuers" ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors of the Company. Having made specific enquiries to all Directors, the Directors confirmed that they had complied with the required standards laid down in the Model Code throughout the Year.

DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

The Audit Committee and the Board have reviewed the Company's financial statements for the Year. The Directors have acknowledged their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment for the Company's performance, position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.



Corporate Governance Report

East Asia Sentinel Limited (formerly known as BKR Lew & Barr Limited), Certified Public Accountants and the Auditors of the Company for the Year have acknowledged their reporting responsibilities in the "Independent Auditors' Report" on pages 24-25 of this Report.

INTERNAL CONTROL

Grand Investment International Ltd exercises individual accountability, follows protocol and procedures, monitors investment progress, provides transparency and review risk assessment. This internal guideline serves as the reference for each director. Decisions are made through majority vote. On investment subjects, the Investment Committee is responsible for making routine decision that requires committee. Corporate decisions are made collectively by the Board of directors including independent non-executive Directors. The following is the attendance record of the meetings for 2007-08.

INVESTMENT COMMITTEE

Name of Committee Members	No. of Meetings Attended/Held	Attendance Rate
Mr. Lee Tak Lun	22/22	100%
Miss Lee Wai Tsang, Rosa	22/22	100%
Ms. Chung Wing Han, Wendy	22/22	100%
Dr. Huang Zhijian	22/22	100%



Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lee Tak Lun

Mr. Lee Tak Lun, aged 59, was appointed as an executive Director since 1 June 2005. Mr. Lee has over 28 years of experience in the securities and financial industry. He is the founder and a substantial shareholder of Grand Finance Group (“GFG”) since 1989. GFG has gone through restructuring during 2003 and is currently composed of subsidiary companies engaged in securities, futures, bullion, corporate finance and asset management. Mr. Lee is a licensed person for regulated activities of dealing and advising in securities and futures contracts, advising in corporate finance and asset management under the Securities and Futures Ordinance (“SFO”). Mr. Lee is also the president of the Chinese Gold and Silver Exchange Society, standing committee member of The Chinese General Chamber of Commerce, the Vice President of the Native Friendship Association of Zhejiang Province and a member of the Zhejiang Committee of Chinese People’s Political Consultative Conference.

Mr. Lee is the son of Mr. Lee Woo Sing, the Chairman and the non-executive Director of the Company, and the father of Miss Lee Wai Tsang, Rosa, an executive Director of the Company. As at 31 March 2008, Mr. Lee had or deemed under Part XV of the SFO to have a long position in 14,980,000 Shares and 35,180,000 Shares respectively by virtue of his controlling interests in Optimize Capital Investments Limited and GFG and by which an aggregate of 50,160,000 Shares were held. Save as disclosed, Mr. Lee did not have any interest in Shares within the meaning of Part XV of the SFO.

Miss Lee Wai Tsang, Rosa

Miss Lee Wai Tsang, Rosa, aged 30, is an executive Director since 1 June 2005. Prior to her appointment of executive Director, Miss Lee was an executive manager and a member of the Company’s investment committee. Miss Lee graduated from the University of Southern California. She also holds MSF from Boston College and MBA from University of Chicago. Miss Lee has been working with the Company since its incorporation in April 2003 and overseeing the day-to-day investment, operation and administration of the Company. Miss Lee is a licensed person for the regulated activities of dealing and advising in securities under the SFO. Miss Lee is a Director of GFG and several of its subsidiaries. She is also the Corporate representative of Shanghai YiYa Investment Management Company Limited, which is a registered member of the Shanghai Gold Exchange. Miss Lee writes articles on investment strategy and finance related areas for numerous magazines and newspapers. She is also a member of the Tianjin Youth Federation.

Miss Lee is the daughter of Mr. Lee Tak Lun, an executive Director and the granddaughter of Mr. Lee Woo Sing, the Chairman and non-executive Director of the Company.



Biographical Details of Directors and Senior Management

Ms. Chung Wing Han, Wendy

Ms. Chung Wing Han, Wendy, aged 45, is an executive Director since 22 April 2003 and the Company Secretary to the Company. Ms. Chung holds a MBA from University of Wollongong, Australia. From 1995 onwards, she has been involved in the securities industry with primary duties of overseeing the management and administrative functions of the company she has served. She is a licensed person for the regulated activities of dealing and advising in securities and futures contracts and asset management under the SFO. Ms. Chung is also a fellow member of The Association of Chartered Certified Accountants, an associate member of Hong Kong Institute of Certified Public Accountants and a member of Hong Kong Securities Institute.

Dr. Huang Zhijian

Dr. Huang Zhijian, aged 62, is an executive Director of the Company appointed on 1 January 2007. Dr. Huang graduated from Tsinghua University in Beijing, the PRC. He received a Master of Science degree and a Doctor of Philosophy degree from the Institute of Science and Technology of the University of Manchester, and he had been a lecturer at Tsinghua University during the period from 1984 to 1986. Dr. Huang had held senior executive and managerial positions in various companies since 1986 including China Resources Development and Investment Co., Ltd. Dr. Huang had served as a non-executive director of China Resources Peoples Telephone Company Limited and an executive director of Cosmos Machinery Enterprises Limited (stock code: 0118).

NON-EXECUTIVE DIRECTOR

Mr. Lee Woo Sing

Mr. Lee Woo Sing, aged 80, is a non-executive Director and the Chairman of the Company since 22 April 2003. Mr. Lee has over 60 years' experience in the finance industry. During the period from 1958 to 2003, Mr. Lee served as one of the substantial shareholders and senior management of Shun Loong Group to supervise the daily operations, formulated the business objectives and strategies, and monitored the investment performance. During the period from 1995 to March 2003, Mr. Lee was a registered dealer with the SFC and a dealing director with the Stock Exchange respectively. He was also one of the Founding Committee Members of the Stock Exchange, the Financial Securities Advisor of Tianjin, PRC and a member of the China National Committee of Pacific Economic Cooperation Business Forum. Mr. Lee is currently the Honorary Advisor to the Chinese Gold & Silver Exchange Society, the Honorary President of the Institute of Securities Dealers Limited, a member of the Board of Fu Dan University, a member of the Board of Trustee for Chinese University of Hong Kong, Vice Chairman at the Board of Trustee at the Chinese University of Hong Kong Shaw College, the Honorary Citizen of Tianjin, PRC, the Honorary Chairman of the Native Friendship Association of Zhejiang Province, the Honorary Professor of Zhejiang University, the permanent Honorary Chairman of Shanghai Fraternity Association and the Honorary Chairman of Ning Po Residents Association.



Biographical Details of Directors and Senior Management

As at 31 March 2008, Mr. Lee had or deemed under Part XV of the SFO to have a long position in 1,000,000 Shares by virtue of his controlling interest in Winrex International Limited and by which such 1,000,000 Shares were held. Save as disclosed, Mr. Lee did not have any interest in Shares within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lu Fan

Mr. Lu Fan, aged 52, is an independent non-executive Director since 1 June 2005. Mr. Lu graduated from the Academy of Finance, Hangzhou University, (now known as Zhejiang University). He was a researcher at the Zhejiang Academy of social science for the period from 1980 to 1993. Mr. Lu previously held managerial positions in Zhejiang Securities Co. Ltd. whose principal business was securities brokerage and had been an independent supervisor of Zhejiang Expressway Co., Ltd., a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0576) for the period from July 1997 to March 2003. He had also been the chief economist of the Zhejiang Huating Group Co., Ltd. since 2004.

Mr. Yao Cho Fai, Andrew

Mr. Yao Cho Fai, Andrew, aged 42, is an independent non-executive Director of the Company. Mr. Yao graduated from the University of California, Berkeley and holds MBA from Harvard University. He is responsible for the Van Shung Chong Holdings Limited's (Stock code: 1001) overall corporate strategy and objectives. He serves as a member of the Hong Kong Housing Society. He also sits on the Shanghai People's Political Consultative Conference, deputy chairman of Shanghai Youths Federation, chairman of the Hong Kong United Youth Association Limited, deputy chairman of China Young Entrepreneurs' Association, a director of the Shanghai Fudan University and Court member of the University of Hong Kong. Mr. Yao is also an executive director of North Asia Strategic Holdings Limited (Stock code: 8080) and an independent non-executive director of Kader Holdings Company Limited (Stock code: 0180).

Dr. Zhang Hongru

Dr. Zhang Hongru, aged 51, is an independent non-executive Director since 13 February 2004. Dr. Zhang held position as executive director and general manager of Tianjin Development Holdings Limited (stock code: 0882). Dr. Zhang is currently the vice general manager of Tianjin Automobile Group and the director and general manager of Tsinlien Group Company Limited. He is qualified as a senior economist and an attorney in the PRC. He is also a part-time professor of Nankai University, PRC.



Report of the Directors

The directors (the "Directors") of Grand Investment International Ltd. (the "Company"), have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31 March 2008 (the "Year") which were approved by the board of Directors (the "Board"), on 25 June 2008.

PRINCIPAL ACTIVITIES

The Company is an investment company incorporated on 15 April 2003 with limited liability as an exempted company in Bermuda. The Company is principally engaged in investing in listed and unlisted enterprises established in Hong Kong, the People's Republic of China and Macau with potential for earnings growth and capital appreciation. The Company's revenue for the Year comprised of gains from investments, interest earned from notes receivable and other sources.

FINANCIAL RESULTS

The profits and cash flows of the Company for the year ended 31 March 2008 and the state of affairs of the Company as at 31 March 2008 are set out in the financial statements on pages 26 to 30.

DIVIDENDS

The Directors are pleased to recommend a final dividend of HK\$0.02 per share in respect of the year ended 31 March 2008. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting ("Annual General Meeting") of the Company, the final dividend is expected to be paid to those shareholders whose names are on the register of members of the Company on 28 July 2008. (2007: HK\$0.045)

The dividend cheques are expected to be posted on Tuesday, 29 July 2008.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Monday, 28 July 2008

CLOSURE OF REGISTER

The register of members of the Company will be closed from Tuesday, 22 July 2008 to Monday, 28 July 2008 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and to attend and vote at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai Hong Kong for registration by no later than 4:30 p.m. on Monday, 21 July 2008.



Report of the Directors

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Company for the Year is set out on page 68.

RESERVES

Details of movements in reserves during the year under review are set out in note 14 to the financial statements.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

SHARE CAPITAL

Details of movements in share capital during the Year under review are set out in note 13 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

The Company did not purchase, sell or redeem any of its shares during the Year.

COMPETING INTERESTS

As at 31 March 2008, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business apart from the Company's business that competed or was likely to compete, either directly or indirectly, with the businesses of the Company.

SHARE OPTION SCHEME

During the Year, there were no share options granted under the share option scheme adopted by the Company on 2 April 2004. Details of the share option scheme are set out in note 20 to the financial statements.

DIRECTORS

The Directors who held office during the Year and up to the date of this report were:

Executive Directors

Mr. Lee Tak Lun

Miss Lee Wai Tsang, Rosa

Ms. Chung Wing Han, Wendy

Dr. Huang Zhijian

Mr. Chou Ping-Chun, Benji (Resigned on 1 June 2007)



Report of the Directors

Non-executive Director

Mr. Lee Woo Sing (*Chairman*)

Independent Non-executive Directors

Mr. Lu Fan

Mr. Yao Cho Fai, Andrew

Dr. Zhang Hongru

In accordance with Bye-Law 113(A) of the Bye-Laws of the Company, Mr. Lee Tak Lun, Miss Lee Wai Tsang, Rosa and Mr. Lu Fan shall retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The term of office for all Directors of the Company is subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the Bye-Laws of the Company.

The Company has received annual confirmations of independence from Mr. Lu Fan, Mr. Yao Cho Fai, Andrew and Dr. Zhang Hongru pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive Directors to be independent.

SERVICE CONTRACTS

No Director proposed for re-election at the Annual General Meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation.

INTERESTS IN CONTRACTS

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

DIRECTOR'S INTEREST IN SHARES

As at 31 March 2008, the interests and short positions of the Directors and Chief Executive of the Company and their associates in the shares, underlying shares, and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to



Report of the Directors

Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Companies as contained in the Listing Rules, were as follows:

Name of Director	Name of company/ Associated corporation	Capacity	Number of Shares	Approximate percentage of existing shareholding
Lee Tak Lun	the Company	Interest of a controlled corporation (Note 1)	14,980,000 (long position) (Note 1)	8.67%
		Interest of a controlled corporation (Note 2)	35,180,000 (long position) (Note 2)	20.35%
				29.03%
Lee Woo Sing	the Company	Interest of a controlled corporation (Note 6)	1,000,000 (long position) (Note 6)	0.58%

Other than disclosed above, none of the Directors, chief executive of the Company nor their associates had any interest or short positions in any shares and underlying shares of the Company or any of its associated corporations.

Please refer to page 21 of this report for the above notes.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2008, as far as the Directors are aware:

- (a) save as disclosed below, no person or entity was, directly or indirectly, interested in 10% or more of the voting power of any general meeting of the Company or otherwise interested in 10% or more of the issued share capital of the Company;
- (b) the following entity/person had an interest or short position in the ordinary shares of the Company and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:



Report of the Directors

	Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of existing shareholding
1.	Optimize Capital Investments Limited ("Optimize Capital") <i>(Note 1)</i>	Beneficial owner	14,980,000 (long position) <i>(Note 1)</i>	8.67%
2.	Lee Tak Lun <i>(Note 1)</i>	Interest of a controlled corporation <i>(Note 1)</i>	14,980,000 (long position) <i>(Note 1)</i>	8.67%
	<i>(Notes 2 to 4)</i>	Interest of a controlled corporation <i>(Notes 2 to 4)</i>	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.35%
				29.03%
3.	Grand Finance Group Company Limited ("GFG") <i>(Notes 2 to 5)</i>	Registered and beneficial owner <i>(Note 2 to 5)</i>	35,180,000 (long position) <i>(Notes 2 to 5)</i>	20.35%
4.	Billion Sky Limited <i>(Notes 2 to 4)</i>	Interest of a controlled corporation <i>(Notes 2 to 4)</i>	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.35%
5.	Bright Pearl Limited <i>(Notes 2 to 5)</i>	Interest of a controlled corporation <i>(Notes 2 to 5)</i>	35,180,000 (long position) <i>(Notes 2 to 5)</i>	20.35%
6.	Jumbo China Holdings Limited <i>(Notes 2 to 4)</i>	Interest of a controlled corporation <i>(Notes 2 to 4)</i>	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.35%
7.	Win Key Investments Limited <i>(Notes 2 to 4)</i>	Interest of a controlled corporation <i>(Notes 2 to 4)</i>	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.35%
8.	Chow Chuen Chung <i>(Notes 2 to 5)</i>	Interest of a controlled corporation <i>(Notes 2 to 5)</i>	35,180,000 (long position) <i>(Notes 2 and 5)</i>	20.35%
9.	Ho Kin <i>(Notes 2 to 5)</i>	Interest of a controlled corporation <i>(Notes 2 to 5)</i>	35,180,000 (long position) <i>(Notes 2 and 5)</i>	20.35%
10.	Kam Kin Ming <i>(Notes 2 to 5)</i>	Interest of a controlled corporation <i>(Notes 2 to 5)</i>	35,180,000 (long position) <i>(Notes 2 and 5)</i>	20.35%



Report of the Directors

Notes:

1. These shares are held by Optimize Capital Investments Limited (“Optimize Capital”). Optimize Capital is a company incorporated in the British Virgin Islands, and is owned as to 90% by Mr. Lee Tak Lun and 10% by his daughter, Miss Lee Wai Tsang Rosa. Mr. Lee Tak Lun is the son of Mr. Lee Woo Sing. Mr. Lee Woo Sing is the non-executive Director and Chairman while Mr. Lee Tak Lun and Miss Lee Wai Tsang Rosa were executive Directors.
2. These shares are held by Grand Finance Group Company Limited (“GFG”). GFG is a company incorporated in Hong Kong, the entire issued capital of which is beneficially owned as to 58% by Jumbo China Holdings Limited and 42% by Bright Pearl Limited. Jumbo China Holdings Limited and Bright Pearl Limited are taken to be interested in these shares.
3. The entire issued share capital of Jumbo China Holdings Limited is beneficially owned as to 79.31% by Billion Sky Limited. Billion Sky Limited is taken to be interested in these shares.
4. The entire issued share capital of Billion Sky Limited is beneficially owned as to 52.42% by Win Key Investments Limited (the entire issued share capital of which is beneficially owned by Mr. Lee Tak Lun). Win Key Investments Limited and Mr. Lee Tak Lun are taken to be interested in these shares.
5. The entire issued share capital of Bright Pearl Limited is beneficially owned as to 33.33% by Mr. Chow Chuen Chung, 33.33% by Mr. Ho Kin and 33.33% by Mr. Kam Kin Ming.
6. These shares are held by Winrex International Limited (“Winrex”), a company incorporated in the British Virgin Islands. Mr. Lee Woo Sing holds more than one-third of the issued share capital of Winrex and is accordingly taken to be interested in the shares held by Winrex.

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the shares of the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of the Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 March 2008.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial parts of the business of the Company were entered into or existed during the Year.

CONNECTED TRANSACTIONS

Investment Management Agreements and Interim Investment Management Agreement

The Company had on 13 February 2004 entered into an investment management agreement with AVANTA Investment Management Limited (“AVANTA”) under which AVANTA was appointed as the Company’s investment manager for the provision of investment management services for an initial term of two years commencing on 2 April 2004 (being the Listing Date of the Company) and renewable automatically for successive terms of one year until termination upon the terms thereof at the investment management fee of HK\$400,000 per annum.

The investment management agreement with AVANTA was terminated by mutual agreement on 30 April 2007. Grand Investment (Securities) Limited (“GIS”) was appointed as the Company’s new investment manager with effect from 1 May 2007 for an initial term of two years (subject to renewal for a further term of one year on the terms and conditions to be agreed by GIS and the Company at the time of renewal) at the investment management fee of HK\$200,000 per annum.



Report of the Directors

GIS is wholly-owned by GFG, which is a substantial shareholder of the Company.

To fulfill certain regulatory requirement by GIS due to the departure of one of its responsible officers and as an interim measure, the Company entered into an interim investment management agreement with AVANTA under which AVANTA was appointed as the Company's interim investment manager commencing from 1 May 2007 at the monthly management fee of HK\$33,333 per month. The term of the interim investment management agreement ended on 31 July 2007 and GIS resumed to act as the investment manager of the Company with effect from 1 August 2007.

Each of AVANTA and GIS is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the transactions under (i) the investment management agreement and the interim investment management agreement with AVANTA and (ii) the investment management agreement with GIS constitute connected transactions for the Company.

During the Year, the aggregate amount of investment management fees paid to AVANTA and GIS under the investment management agreements and the interim investment management agreement (as the case may be) amounted to HK\$292,000 (2007: HK\$220,000) which fell below the de-minimis threshold under Rule 14A.33(3) of the Listing Rules and were exempted from the disclosure and the shareholders' approval requirements under the Listing Rules.

Custodian Agreement

The Company had appointed Wing Hang Bank, Limited as its custodian under a custodian agreement that took effect from 14 February 2004 in respect of, among others, the safe custody of cash and documents of title, physical settlement of the securities in the investment portfolio of the Company and the collection of dividends and other entitlements in respect of such securities. The custodian agreement would continue in full force until terminated by either the Company or the custodian by giving to the other not less than three months' advance notice in writing.

Pursuant to the custodian agreement, a monthly fixed custody fee of HK\$3,000 (subject to adjustment) and certain charges at the agreed rates (subject to revision by the custodian from time to time) for the provision of securities are payable by the Company to the custodian.

The custodian is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the transactions under the custodian agreement constituted connected transactions for the Company.

During the Year, the aggregate amount of custody fee and other charges paid to the custodian amounted to HK\$36,000 (2007: HK\$36,000), which fell below the de-minimis threshold under Rule 14A.33(3) of the Listing Rules and were exempted from the disclosure and the shareholders' approval requirements under the Listing Rules.



Report of the Directors

In the opinion of the independent non-executive Directors, the transactions contemplated under the aforementioned investment management agreements, the interim investment management agreement and the custodian agreement are on normal commercial terms and were fair and reasonable as far as the shareholders of the Company are concerned.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Bye-Laws of the Company although there are no restrictions against such rights under the laws of Bermuda.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of this Report, there was a sufficient public float of the total issued shares of the Company as prescribed under the applicable Listing Rules.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the Code on Corporate Governance Practices ("CG Code") set out in Appendix 14 to the Listing Rules for the purpose of reviewing and providing supervision over the Company's financial reporting procedures and internal control system. The Audit Committee, comprising of the three independent non-executive Directors, had reviewed with the management the accounting principles and practices adopted by the Company and had discussed the auditing, internal control and financial reporting matters for the Year.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in the CG Code during the Year, except for the deviations from code provision A.2.1 and A.4.1 which are explained on pages 7 and 8 of the Corporate Governance Report.

AUDITORS

The auditors, East Asia Sentinel Limited (formerly known as BKR Lew & Barr Limited), Certified Public Accountants, were appointed as auditors of the Company for the Year. The financial statements of the Company for the Year have been audited by East Asia Sentinel Limited who retires and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of East Asia Sentinel Limited as auditors of the Company.

On behalf of the Board

Lee Wai Tsang, Rosa

Executive Director

Hong Kong, 25 June 2008



Independent Auditors' Report



East Asia Sentinel Limited
衛亞會計師事務所有限公司
Certified Public Accountants

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www.EastAsiaSentinel.com

Ref: 127065

TO THE SHAREHOLDERS OF GRAND INVESTMENT INTERNATIONAL LTD.

(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Grand Investment International Ltd. (the "Company") set out on pages 26 to 68, which comprise the balance sheet as at 31 March 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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



Independent Auditors' Report

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2008 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

East Asia Sentinel Limited

So Kwok Keung Keith

Director

Practising Certificate No. P1724

Hong Kong

Date: 25 June 2008

Income Statement

(For The Year Ended 31 March 2008)

	<i>NOTE</i>	2008 HK\$'000	2007 HK\$'000
REVENUE	4	10,593	21,740
OTHER REVENUES	4	1,108	507
ADMINISTRATIVE EXPENSES		(4,205)	(4,466)
PROFIT BEFORE TAXATION	5	7,496	17,781
TAXATION	6(a)	(1,403)	(2,850)
PROFIT FOR THE YEAR		6,093	14,931
DIVIDENDS	18	3,456	6,528
PROPOSED FINAL CASH DIVIDEND		3,456	3,888
EARNINGS PER SHARE (Cents)	19	4.3	20.5

The notes on pages 31 to 67 form an integral part of these financial statements.

Balance Sheet

(At 31 March 2008)

	NOTE	2008 HK\$'000	2007 HK\$'000
NON-CURRENT ASSETS			
Available-for-sale investments	8	16,945	22,246
CURRENT ASSETS			
Available-for-sale investments	8	–	5,000
Investments at fair value through profit and loss	9	35,404	32,849
Tax recoverable	6(b)	1,447	–
Accounts receivable	10	1,869	1,378
Other receivable and prepayments		294	8,106
Cash and cash equivalents	11	20,367	8,994
		59,381	56,327
CURRENT LIABILITIES			
Other payable and accruals	12	3,609	2,132
Tax payable		–	2,473
		3,609	4,605
NET CURRENT ASSETS		55,772	51,722
NET ASSETS		72,717	73,968
CAPITAL AND RESERVES			
Share capital	13	17,280	8,640
Reserves	14	55,437	65,328
SHAREHOLDERS' FUNDS		72,717	73,968
NET ASSET VALUE PER SHARE (CENTS)	16	42	86

Lee Wai Tsang, Rosa
Director

Chung Wing Han, Wendy
Director

The notes on pages 31 to 67 form an integral part of these financial statements.

Statement Of Changes In Equity

(For The Year Ended 31 March 2008)

	Share capital	Share premium	Retained profit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
YEAR ENDED 31 MARCH 2007				
At 1 April 2006	6,000	49,066	3,971	59,037
Net profit for the year	–	–	14,931	14,931
Issues of final bonus dividend shares	1,200	(1,200)	–	–
Issues of interim bonus dividend shares	1,440	(1,440)	–	–
At 31 March 2007	8,640	46,426	18,902	73,968
YEAR ENDED 31 MARCH 2008				
At 1 April 2007	8,640	46,426	18,902	73,968
Net profit for the year	–	–	6,093	6,093
Dividend paid	–	–	(3,888)	(3,888)
Proposed final dividend	–	–	(3,456)	(3,456)
Issues of interim bonus dividend shares	8,640	(8,640)	–	–
At 31 March 2008	17,280	37,786	17,651	72,717

The notes on pages 31 to 67 form an integral part of these financial statements.

Cash Flow Statement

(For The Year Ended 31 March 2008)

	2008 HK\$'000	2007 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,496	17,781
Adjustment for:		
Impairment loss in respect of available-for-sale investments	774	–
Operating cash flow before movement in working capital	8,270	17,781
Increase in investments at fair value through profit and loss	(2,555)	(23,673)
Increase in accounts receivable	(491)	(1,087)
Decrease/(increase) in other receivable and prepayments	7,812	(7,813)
Increase in other payable and accruals	1,477	1,959
Cash generated from operations	14,513	(12,833)
Income tax paid	(5,323)	(713)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	9,190	(13,546)
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of available-for-sale investments	(5,460)	–
Disposal of available-for-sale investments	14,987	–
NET CASH INFLOW FROM INVESTING ACTIVITIES	9,527	–
CASH FLOW FROM FINANCING ACTIVITY		
Cash dividends paid	(7,344)	–

Cash Flow Statement

(For The Year Ended 31 March 2008)

	2008 HK\$'000	2007 HK\$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,373	(13,546)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	8,994	22,540
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	20,367	8,994
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	20,367	5,992
Short-term deposit with original maturity within three months	–	3,002
	20,367	8,994

The notes on pages 31 to 67 form an integral part of these financial statements.

Notes To Financial Statements

(31 March 2008)

1. GENERAL

The Company is a limited company incorporated in Bermuda on 15 April 2003 as an exempted company.

The Company is principally engaged in investing in listed and unlisted enterprises established in Hong Kong, the People's Republic of China and Macau.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 2 April 2004.

2. ADOPTION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Company's financial year beginning 1 January 2007.

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

The adoption of the new HKFRSs has no material effect on how the results and financial position for the current or prior accounting periods were to be prepared and presented. Accordingly, no prior period adjustment have been required.

The Company has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

Notes To Financial Statements

(31 March 2008)

2. ADOPTION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

The Company has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating segments ¹
HK (IFRIC) – Interpretation 12	Service Concession Arrangements ²
HK (IFRIC) – Interpretation 13	Customer Loyalty Programmes ³
HK (IFRIC) – Interpretation 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

The directors of the Company (“the Directors”) anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation of financial statements

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), and Interpretations (“Ints”) issued by the “HKICPA”; accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The financial statements are presented in Hong Kong dollars, the currency in which the majority of the Company’s transactions are denominated.

Notes To Financial Statements

(31 March 2008)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Financial instruments

(i) *Financial assets*

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

Investments at fair value through profit or loss

Investments classified as held for trading are included in the category "investments at fair value through profit or loss". Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including accounts receivable, other receivable, prepayments, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

Notes To Financial Statements

(31 March 2008)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Financial instruments *(continued)*

(i) *Financial assets (continued)*

Available-for-sale investments

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

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

(ii) *Financial liabilities*

Financial liabilities including other payables and accruals are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities are recognised when the Company becomes a party to the contractual agreement of the instrument. All interest related charges are recognised as an expense in "finance cost" in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

(iii) *Fair value*

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

Notes To Financial Statements

(31 March 2008)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Financial instruments *(continued)*

(iii) Fair value *(continued)*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(c) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

(d) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Notes To Financial Statements

(31 March 2008)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Taxation

Income tax expense represents the sum of the current tax and deferred tax. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(f) Foreign currencies

Investments included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'), which is Hong Kong dollars, the Company's functional and presentation currency.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the income statement in the year in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the financials statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

The results and financial position of all the Company's investments (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

Notes To Financial Statements

(31 March 2008)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Foreign currencies *(continued)*

(iii) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(g) Revenue recognition

Profits on disposal of securities are recognised upon the completion of securities sale contract.

Interest income is recognised on a time proportion basis.

Dividend income from listed and unlisted investments is recognised when the shareholders' right to receive payment has been established.

Unrealised gain on investments is recognised when the fair value of the investments is above the carrying value of the investments at the balance sheet date.

(h) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

(i) Retirement benefits costs

The Company contributes to a defined contribution retirement benefit scheme pursuant to the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme") which is available to all employees. Contributions to the scheme by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Company to the scheme.

Notes To Financial Statements

(31 March 2008)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other company in making financial and operating decisions or vice versa. Parties are also considered to be related if they are subject to common control or common significant influence.

Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals and post-employment benefit plans which are for the benefit of employees of the Company or any entity that is a related party of the Company.

(k) Critical accounting estimates and judgments

Impairment of available-for-sale financial assets

The Company follows the guidance of HKAS 39 when determining whether an investment in available-for-sale financial assets is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the expected time span the Company will hold on to this investment.

Notes To Financial Statements

(31 March 2008)

4. REVENUES

	2008 HK\$'000	2007 HK\$'000
REVENUE		
Net unrealised holding (loss)/gain on investments at fair value through profit and loss	(2,701)	5,161
Net realised gain on disposal on investments at fair value through profit and loss	10,005	14,722
Net realized gain on disposal of available for sale financial assets	2,603	–
Dividend income from listed securities	326	180
Dividend income from unlisted securities	–	837
Interest received from notes receivable	360	840
	10,593	21,740
OTHER REVENUES		
Bank interest income	364	501
Other interest income	744	6
	1,108	507
TOTAL REVENUES	11,701	22,247

During the year, all the Company's investment activities were carried out in Hong Kong, therefore no analysis of the Company's revenue and contribution to operating profit for the year segregated by principal activities and geographical market is provided.

Notes To Financial Statements

(31 March 2008)

5. PROFIT BEFORE TAXATION

The profit before taxation is arrived at after charging:

	2008 HK\$'000	2007 HK\$'000
Auditors' remuneration		
– Current year	146	122
– Over-provision in prior year	–	(62)
	146	60
Provision for bad and doubtful debts	435	–
Investment manager fee	292	220
Staff costs (excluding directors' remuneration)	–	83
Operating lease payments	442	442

6. TAXATION

(a) Taxation in the income statement represents:

	2008 HK\$'000	2007 HK\$'000
Hong Kong profits tax		
– Provision for the year	1,403	2,850

Provision for Hong Kong profits tax is provided at the rate of 17.5% on the estimated assessable profits for the year (2007: HK\$2,850,000).

(b) Taxation in the balance sheet represents:

	2008 HK\$'000	2007 HK\$'000
Balance brought forward	2,473	336
Tax paid during the year	(5,323)	(713)
Provision for current year	1,403	2,850
Balance carried forward	(1,447)	2,473

Notes To Financial Statements

(31 March 2008)

6. TAXATION (continued)

(c) The Company did not have any material unprovided deferred taxation as at 31 March 2008.

(d) Reconciliation between tax expenses and accounting profit is as follows:

	2008 HK\$'000	2007 HK\$'000
Profits before taxation	7,496	17,781
Notional tax on profits before taxation	1,312	3,111
Tax effect of non-deductible expenses	211	–
Tax effect of non-taxable income	(120)	(261)
Total income tax expenses	1,403	2,850

7. DIRECTORS' EMOLUMENTS

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

	2008 HK\$'000	2007 HK\$'000
Fees to independent non-executive Directors	60	40
Other emoluments to executive Directors		
– Salaries and benefits in kind	680	2,556
– Retirement benefit scheme contributions	23	28
	763	2,624

The five highest paid individuals in the Company for the year under review are reflected in the analysis presented above.

Notes To Financial Statements

(31 March 2008)

7. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments of each Director, on a named basis, for the year ended 31 March 2008 are set out below:

	Fees HK\$'000	Salaries and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Lee Tak Lun	–	20	1	21
Lee Wai Tsang, Rosa	–	480	12	492
Chung Wing Han, Wendy	–	20	2	22
Huang Zhijian	–	120	6	126
Chou Ping-Chun, Benji <i>(resigned on 1 June 2007)</i>	–	40	2	42
<i>Independent Non-executive Directors</i>				
Lu Fan	20	–	–	20
Yao Cho Fai, Andrew	20	–	–	20
Zhang Hongru	20	–	–	20
	60	680	23	763

Notes To Financial Statements

(31 March 2008)

7. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments of each Director, on a named basis, for the year ended 31 March 2007 are set out below:

	Fees HK\$'000	Salaries and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Lee Tak Lun	–	1,253	1	1,254
Lee Wai Tsang, Rosa	–	857	12	869
Chung Wing Han, Wendy	–	176	1	177
Huang Zhijian	–	30	2	32
Chou Ping-Chun, Benji	–	240	12	252
<i>Independent Non-executive Directors</i>				
Lu Fan	20	–	–	20
Yao Cho Fai Andrew	10	–	–	10
Zhang Hongru	10	–	–	10
	40	2,556	28	2,624

During the year, there was no arrangement under which a Director waived or agreed to waive any remuneration. No emoluments were paid by the Company to any of the Directors as an inducement to join or upon joining the Company or as compensation for loss of office.

The Company did not employ any employee other than the Directors of the Company for the current and prior years.

Notes To Financial Statements

(31 March 2008)

8. AVAILABLE-FOR-SALE INVESTMENTS

	2008 HK\$'000	2007 HK\$'000
Investment securities, at cost:		
Convertible notes receivable, unlisted	–	5,000
Convertible redeemable preference shares, unlisted shares	–	9,987
Equity securities, unlisted shares (<i>Note a</i>)	12,259	12,259
Less: impairment loss	(774)	–
	11,485	27,246
Investment in limited partnerships, at fair value (<i>Note b</i>)	5,460	–
	16,945	27,246
Classified under:		
Current assets	–	5,000
Non-current assets	16,945	22,246
	16,945	27,246

(a) Equity securities

The equity securities represent investment in unlisted equity shares issued by private enterprises in the PRC.

There is no active market for these equity securities as the companies are privately held. The fair value of these equity securities are determined firstly by reference to the investment considerations, which were negotiated at arm's length between the Directors and the investee companies. In addition, the Directors have been apprised with the development of the investee companies of the future growth potential and the prospective growth of the value of the shares. On account of such analysis, the Directors consider that there have not been any material changes to the equity securities that would lead to a material change in the fair value of these available-for-sale investments from the dates of their acquisition to 31 March 2008.

Notes To Financial Statements

(31 March 2008)

8. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

(a) Equity securities *(continued)*

Particulars of the equity securities are as follows:

Name of issued	Nature of Business	No. of shares holding	% of interest held	Cost less impairment HK\$'000
Tianjin Yishang Friendship Holding Company Limited	Operation of department stores and home appliance retail shops	8,712,000	3.9	9,434
浙江凌日復合材料有限公司 (formerly known as 寧波凌日表面工程有限公司)	Designing, developing and manufacturing a premium and environmental friendly metal	3,000,000	29.5	2,051
				11,485

Note: Notwithstanding the fact that the Company holds 29.5% interest in 浙江凌日復合材料有限公司, on account that the Company is not able to exert significant influence over the affairs of 浙江凌日復合材料有限公司, it is not treated as an associated company of the Company. The investment in 浙江凌日復合材料有限公司 is treated as an investment in a non-current available-for-sale investment.

A brief description of the business information of the equity securities is as follows:

Tianjin Yishang Friendship Holdings Co., Ltd ("Tianjin Yishang")

Tianjin Yishang is a sino-foreign enterprise incorporated in the PRC on 6 January 2006 under a re-organisation whereby the shares of Tianjin Yishang Development Company Limited, a stated-owned enterprise in the PRC, were injected into Tianjin Yishang. The business activities of Tianjin Yishang and its subsidiaries and branches are to operate department stores and home appliance retail shops in the PRC.

Notes To Financial Statements

(31 March 2008)

8. AVAILABLE-FOR-SALE INVESTMENTS (continued)

(a) Equity securities (continued)

浙江凌日復合材料有限公司 (「浙江凌日」)

浙江凌日 is a privately held company incorporated in the PRC on 4 September 2000. 浙江凌日 carries on the business of designing, developing, and manufacturing a premium and environmental friendly metal for wiring and electrical conductor components. It holds two patents for the design of the components. The products of 浙江凌日 are currently in their development phase.

(b) Investment in limited partnerships

There is no active market for these investments as the companies are privately held. The fair values of these investments are determined firstly by reference to the investment considerations, which were negotiated at arm's length between the Directors and the general partner. In addition, the Directors have been apprised with the development of the investments of the future growth potential and the prospective growth of the value of the investment. On account of such analysis, the Directors consider that there have not been any material changes to the equity securities that would lead to a change in the fair value of these available-for-sale investments from the dates of their acquisition to 31 March 2008. There is therefore no revaluation difference to be recognised in these financial statements and no impairment provision was required to be made as at 31 March 2008.

Particulars of the equity securities are as follows:

Name of partnership	Nature of Business	% of interest held	Cost HK\$'000
CMHJ Technology Fund II, L.P	Investing in equity securities of privately held companies in the technologies enabled services and products industries	3	5,460
			5,460

Notes To Financial Statements

(31 March 2008)

8. AVAILABLE-FOR-SALE INVESTMENTS (continued)

(b) Investment in limited partnerships (continued)

A brief description of the business information of the limited partnerships is as follows:

CMHJ TECHNOLOGY FUND II, L.P. ("CMHJ")

CMHJ is a limited partnership registered pursuant to the Exempted Limited Partnership Law on 28 September 2005 as an exempted limited partnership. CMHJ is primary to make venture capital investments, principally by investing in and holding equity and equity-oriented securities of privately held early stage to pre-IPO companies in the technology enable services and products industries with substantial markets and/or operations in Mainland China.

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2008 HK\$'000	2007 HK\$'000
(a) Investment in limited partnership	15,036	–
(b) Equity securities listed in Hong Kong, at fair value	20,368	32,849
	35,404	32,849

(a) Investment in limited partnership

Name of invested company	Nature of business	% of interest held	Cost HK\$'000	Fair value HK\$'000	Unrealised
					gain on revaluation HK\$'000
LCF Macau Co-Investors, L.P.	Investing in real estate in Macau	1.94	7,814	15,036	7,222

A brief description of the business information of the limited partnership is as follows:

LCF Macau Co-Investors, L.P. ("LCF")

LCF is a limited partnership organized pursuant to the provisions of the Partnership Act 1996 of the British Virgin Islands. LCF is primary to invest in real estate in Macau and to realize capital appreciation from the sale of the Property.

Notes To Financial Statements

(31 March 2008)

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS *(continued)*

(b) Equity securities listed in Hong Kong, at fair value

Particulars of the equity securities are as follows:

At 31 March 2008

Name of invested company	Place of incorporation	Number of shares	% of interest held	Cost HK\$'000	Market value HK\$'000	Unrealised gain/(loss) arising on revaluation HK\$'000
HSBC Holdings plc	England	952	Less than 0.1%	130	121	(9)
China Merchants China Direct Investments Ltd	Hong Kong	150,000	Less than 0.1%	5,452	4,335	(1,117)
China Everbright Ltd	Hong Kong	50,000	Less than 0.1%	588	758	170
Datang International Power Generation Co Ltd	The People's Republic of China	500,000	Less than 0.1%	3,473	2,065	(1,408)
CITIC Bank	The People's Republic of China	1,000,000	Less than 0.1%	6,043	4,110	(1,933)
Dah Chong Hong Holdings Ltd	Hong Kong	1,050,000	Less than 0.1%	5,992	2,751	(3,241)
Cosco Holdings Ltd	The People's Republic of China	300,000	Less than 0.1%	7,136	5,664	(1,472)
China Medical and Bio Science Ltd	Cayman	1,500,000	Less than 0.1%	1,125	192	(933)
Tianjin Development Holdings Ltd	Hong Kong	70,000	Less than 0.1%	354	372	18
				30,293	20,368	(6,059)

Notes To Financial Statements

(31 March 2008)

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS *(continued)*

(b) Equity securities listed in Hong Kong, at fair value *(continued)*

At 31 March 2007

Name of invested company	Place of incorporation	Number of shares	% of interest held	Cost HK\$'000	Market value HK\$'000	Unrealised gain/(loss) arising on revaluation HK\$'000
HSBC Holdings plc	England	50,160	Less than 0.1%	7,187	6,812	(375)
Hutchison Whampoa Ltd	Hong Kong	60,000	Less than 0.1%	4,912	4,509	(403)
China Everbright Ltd	Hong Kong	500,000	Less than 0.1%	4,385	4,000	(385)
Shui On Land Ltd	Cayman Islands	400,000	Less than 0.1%	2,627	2,588	(39)
Shenzhen Investment Ltd	Hong Kong	50,000	Less than 0.1%	178	199	22
Qin Jia Yuan Media Services Co., Ltd	Cayman Islands	270,000	Less than 0.1%	583	570	(14)
China Life Insurance Co., Ltd	The People's Republic of China	200,000	Less than 0.1%	4,871	4,490	(381)
China Medical and Bio Science Ltd	Cayman Islands	12,908,000	0.9545%	1,932	9,681	7,749
				26,675	32,849	6,174

Notes To Financial Statements

(31 March 2008)

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS *(continued)*

(b) Equity securities listed in Hong Kong, at fair value *(continued)*

A brief description of the business information of the invested companies, based on their latest published annual or interim reports, is as follows:

HSBC Holdings plc ("HSBC")

HSBC is primarily engaged in provision of a comprehensive range of banking and related financial services through an international network in the Asia-Pacific region, Europe, the Americas, the Middle East and Africa.

The profit attributable to shareholders of HSBC for the year ended 31 December 2007 was approximately US\$20,455,000,000. As at 31 December 2007, the net asset value of HSBC was approximately US\$135,416,000,000.

During the year, the Company received cash dividend of HK\$1,284 from HSBC Holdings plc.

China Merchants China Direct Investments Ltd. ("China Merchant")

China Merchant is primarily engaged in investing in companies with significant business involvement in China.

The profit attributable to shareholders of China Merchant for the year ended 31 December 2007 was approximately US\$594,668,000. As at 31 December 2007, the net asset value of China Merchant was approximately US\$905,334,000.

During the year, the Company did not receive any dividends from China Merchant.

China Everbright Ltd. ("China EB")

China EB is primarily engaged in provision financial services and investment holding.

The profit attributable to shareholders of China EB for the year ended 31 December 2007 was approximately HK\$5,265,424,000. As at 31 December 2007, the net asset value of China EB was approximately HK\$17,497,584,000.

During the year, the Company did not receive any dividends from China EB.

Datang International Power Generation Co Ltd. ("Datang")

Datang is primarily engaged in the development and operation of power plants, sale of electricity and thermal power and the repair and maintenance of power equipment and power-related technical services.

Notes To Financial Statements

(31 March 2008)

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS *(continued)*

(b) Equity securities listed in Hong Kong, at fair value *(continued)*

Datang International Power Generation Co Ltd. ("Datang") (continued)

The profit attributable to shareholders of Datang for the year ended 31 December 2007 was approximately RMB\$4,390,000,000. As at 31 December 2007, the net asset value of Datang was approximately RMB\$34,241,000,000.

During the year, the Company did not receive any dividends from Datang.

CITIC Bank ("Citic bank")

Citic bank is primarily engaged in provision of corporate and personal banking services conducting treasury business and corresponding banking businesses and the provision of asset management entrusted lending and custodian services.

The profit attributable to shareholders of Citic bank for the year ended 31 December 2007 was approximately RMB\$8,322,000,000. As at 31 December 2007, the net asset value of Citic bank was approximately RMB\$84,091,000,000.

During the year, the Company did not receive any dividends from China Citibank.

Dah Chong Hong Holdings Ltd. ("Dah Chong Hong")

Dah Chong Hong is primarily engaged in diversified business conglomerate in motor vehicle related business and services, sales of food and consumer products as well as logistics services supported by integrated distribution platforms and a well-established base and network in the Mainland China Hong Kong and Macao.

The profit attributable to shareholders of Dah Chong Hong for the year ended 31 December 2007 was approximately HK\$522,000,000. As at 31 December 2007, the net asset value of Dah Chong Hong approximately HK\$4,391,000,000.

During the year, the Company did not receive any dividends from Dah Chong Hong.

Cosco Holdings Ltd. ("Cosco")

Cosco is primarily engaged in provisions of a range of container shipping, terminal container leasing and logistics services all over the world.

The profit attributable to shareholders of Cosco for the year ended 31 December 2007 was approximately RMB\$21,205,671,000. As at 31 December 2007, the net asset value of Cosco was approximately RMB\$57,048,072,000.

Notes To Financial Statements

(31 March 2008)

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS *(continued)*

(b) Equity securities listed in Hong Kong, at fair value *(continued)*

Cosco Holdings Ltd. ("Cosco") (continued)

During the year, the Company did not receive any dividends from Cosco.

China Medical and Bio Science Ltd. ("China Medical")

China Medical is primarily engaged in production, sales and distribution of veterinary drugs and animal vaccines.

There is no profit attributable to shareholders of China Medical for the year ended 31 December 2007. As at 31 December 2007, the net asset value of China Medical was approximately HK\$37,141,000.

During the year, the Company did not receive any dividends from China Medical.

Tianjin Development Holdings Ltd. ("Tianjin Development")

Tianjin Development is primarily engaged in provision of container handling, non-containerised goods stevedoring services, operation of toll roads and supply of utilities.

The profit attributable to shareholders of Tianjin Development for the year ended 31 December 2007 was approximately HK\$827,239,000. As at 31 December 2007, the net asset value of Tianjin Development was approximately HK\$10,152,523,000.

During the year, the Company did not receive any dividends from Tianjin Development.

Notes To Financial Statements

(31 March 2008)

10. ACCOUNTS RECEIVABLE

	2008 HK\$'000	2007 HK\$'000
Accounts receivable	2,304	1,378
Less: provision for bad and doubtful debts	(435)	–
	1,869	1,378

An aging analysis of the accounts receivable as at 31 March 2008 is as below:

	2008 HK\$'000	2007 HK\$'000
Within 1 month	1,869	1,378
1 to 2 months	–	–
2 to 3 months	–	–
Over 3 months	–	–

The amounts represent accounts receivable from the listed shares dealing through the securities account maintained with the investment manager, Grand Investment (Securities) Limited, a related company in which the Directors of the Company, Mr. Lee Woo Sing, Mr. Lee Tak Lun and Ms. Chung Wing Han Wendy have beneficial interests.

11. CASH AND CASH EQUIVALENTS

	2008 HK\$'000	2007 HK\$'000
Cash and bank balances	20,367	5,992
Short-term deposit with original maturities within three months	–	3,002
	20,367	8,994

The effective interest rate of the short-term deposits of the Company with original maturities within three months at 31 March 2007 was 2.80% per annum.

Notes To Financial Statements

(31 March 2008)

12. OTHER PAYABLE AND ACCRUALS

An aging analysis of the other payable and accruals as at 31 March 2008 is as below:

	2008	2007
	HK\$'000	HK\$'000
Less than one year	3,609	2,132

13. SHARE CAPITAL

	2008	2007
	HK\$'000	HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	100,000	20,000
Issue and fully paid:		
172,800,000 ordinary shares of HK\$0.10 each	17,280	8,640

A bonus share issue was approved at the Annual General Meeting of the Company held on 8 August 2007. One bonus share was issued for every one ordinary share in issue and held by shareholders of the Company whose names were on the register of members on 8 August 2007. A total of 86,400,000 ordinary shares of HK\$0.1 each were issued as a bonus shares. These bonus shares were credited as fully paid by a capitalization of HK\$8,640,000 from the Company's share premium account.

The 86,400,000 bonus shares were allotted and issued on 10 August 2007 and ranked pari passu in all respects with the ordinary shares in the capital of the Company.

Notes To Financial Statements

(31 March 2008)

13. SHARE CAPITAL (continued)

(a) Capital management

The Company's primary objectives in capital management are maximizing shareholder returns, matching of business fund needs and maintaining the Company's ability to continue as a going concern. Management regularly, or as change in circumstances which warrants, reviews and manages its capital structure so as to maintain a proper balance amongst shareholder returns, leveraging and funding requirement.

Consistent with others in the industry, the Company monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is defined as liabilities generated from operations less cash and cash equivalents. Adjusted capital comprises all components of equity less any unaccrued proposed dividends.

The net-debt-to-adjusted capital ratio at 31 March 2008 and 2007 were as follows:

	2008	2007
	HK\$'000	HK\$'000
Other payables and accruals	3,609	2,132
Provision for taxation	–	2,473
	3,609	4,605
Less: Cash and cash equivalents (limited to liabilities)	(3,609)	(4,605)
Net debt	–	–
Total equity	72,717	73,968
Less: Proposed dividends	(3,456)	(3,888)
Adjusted capital	69,261	70,080
Net debt-to-adjusted capital ratio	N/A	N/A

The Company is not subject to externally imposed capital requirements.

Notes To Financial Statements

(31 March 2008)

14. RESERVES

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31 March 2006	49,066	3,971	53,037
Issues of bonus dividend shares	(1,200)	–	(1,200)
Issues of interim scrip dividend shares	(1,440)	–	(1,440)
Profit for the year	–	14,931	14,931
At 31 March 2007	46,426	18,902	65,328
At 31 March 2007	46,426	18,902	65,328
Issues of bonus shares	(8,640)	–	(8,640)
Dividend paid	–	(3,888)	(3,888)
Proposed final dividend	–	(3,456)	(3,456)
Profit for the year	–	6,093	6,093
At 31 March 2008	37,786	17,651	55,437

Notes To Financial Statements

(31 March 2008)

15. COMMITMENTS

(a) Operating lease commitments

At 31 March 2008, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008 HK\$'000	2007 HK\$'000
Not later than one year	227	422
In second to fifth year inclusive	–	227
	227	649

(b) Capital commitments

The Company's capital commitments at the balance sheet date are as follows:

	2008 HK\$'000	2007 HK\$'000
Contracted but not provided for Capital contribution to a limited partnership	10,140	–

16. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$72,717,000 at 31 March 2008 (2007: HK\$73,968,000) and the 172,800,000 ordinary shares in issue as at 31 March 2008 (2007: 86,400,000).

17. NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the financial statements of the Company to the extent of the profit of HK\$6,093,000 (Year ended 31 March 2007: profit of HK\$14,931,000).

Notes To Financial Statements

(31 March 2008)

18. DIVIDENDS

	2008 HK\$'000	2007 HK\$'000
Final dividend by way of bonus issue at HK\$0.02 per share – Paid (in respect of the bonus issue as proposed on 3 July 2006)	–	1,200
Interim dividend paid by way of scrip dividend at HK\$0.02 per share	–	1,440
	–	2,640
Proposed final cash dividend 172,800,000 shares at HK\$0.02 per share (2007: 86,400,000 shares at HK\$0.045)	3,456	3,888
	3,456	6,528

A final cash dividend of HK\$0.02 per share for the year ended 31 March 2008 has been proposed by the Directors. The total dividend payout for the whole year, subject to the resolution for approving the final dividend being passed by the Shareholders, shall be HK\$0.02 per share.

19. EARNINGS PER SHARE

The calculation of earnings per share is based on the net profit attributable to the shareholders for the year ended 31 March 2008 of HK\$6,093,000 (2007: HK\$14,931,000) and the weighted average of 142,583,607 ordinary shares in issue during the year ended 31 March 2008 (2007: 72,815,342). The Company has no potential dilutive ordinary shares that were outstanding during the year.

20. SHARE OPTION SCHEME

The Company adopted a share option scheme on 2 April 2004, under which certain selected classes of participants (including, amongst others, full-time employees) may be granted options to subscribe for ordinary shares of the Company (the "Shares").

The following is a summary of the pertinent terms of the share option scheme.

The purpose of the share option scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company.

Notes To Financial Statements

(31 March 2008)

20. SHARE OPTION SCHEME *(continued)*

The Directors may, at their absolute discretion, grant options to any employee, any executive or non-executive Directors, any persons that provides research, development or other technological support to the Company, any shareholder, any advisor or consultant, and/any joint venture partner or business alliance that co-operates with the Company.

- (i) Maximum number of the shares
 - (a) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30 per cent. of the share capital of the Company in issue from time to time.
 - (b) The total number of shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the share option scheme and any other share option scheme(s) of the Company) to be granted under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 10 per cent. of the Shares in issue ("General Scheme Limit").
 - (c) Subject to (a) above and without prejudice to (d) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the share option scheme and any other share option scheme(s) of the Company must not exceed 10 per cent. of the Shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the share option scheme and any other share option scheme(s) of the Company) previously granted under the share option scheme and any other share option scheme(s) of the Company will not be counted.
 - (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate approval of the Shareholders in general meeting to grant options under the share option scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by the Company before such approval is sought.

Notes To Financial Statements

(31 March 2008)

20. SHARE OPTION SCHEME *(continued)*

(i) Maximum number of the shares *(continued)*

(d) *(continued)*

(i) Maximum entitlement of each participant

The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the share option scheme and any other share option scheme(s) of the Company (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being.

(ii) Grant of options to connected persons

Any grant of options under the share option scheme to a Director, chief executive or substantial shareholder or any of their respective associates must be approved by the independent non-executive Directors.

Certain grant of options to a substantial shareholder or an independent non-executive Director, must be approved by the shareholders in general meeting.

(iii) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

The maximum period that an option may be exercised from the time it is granted is 10 years. There is no minimum period required under the share option scheme for the holding of an option before it can be exercised.

(iv) Performance targets

No performance targets are specifically stipulated under the share option scheme.

(v) Subscription price for the shares

The subscription price for the shares under the share option scheme shall be a price determined by the directors but shall not be less than the highest of (aa) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade on the date of the offer of grant which must be a business day; (bb) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (cc) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

Notes To Financial Statements

(31 March 2008)

20. SHARE OPTION SCHEME *(continued)*

- (i) Maximum number of the shares *(continued)*
- (d) *(continued)*
 - (vi) Restrictions on the time of grant of options
No offer for the grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in newspapers.
 - (vii) Period of the share option scheme
The share option scheme will remain in force for a period of 10 years commencing on the date on which the share option scheme becomes unconditional.
 - (viii) Adjustments to the subscription price
In the event of a capitalisation issue, rights issue, sub-division or consolidation of the Shares or reduction of capital of the Company whilst an option remains exercisable such corresponding alterations, if any, certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of the Shares the subject matter of the Share Option Scheme and the option granted and so far as granted and unexercised and/or the subscription price.
 - (ix) Termination of the Share Option Scheme
The Company may by resolution at general meeting at any time terminate the operation of the Share Option Scheme and in such event no further options shall be offered.
 - (x) Lapse of option
An option shall lapse automatically on the earliest of the expiry of the period referred to in paragraph (iv) and the expiry of the periods or dates of the following:
 - Cessation of employment of a grantee;
 - Death, ill-health, or retirement of a grantee;
 - Dismissal of a grantee;
 - Breach of contract by a grantee;
 - Holder of the Shares accepting a general offer, a compromise, or arrangement; and
 - The Company undergoing a voluntary winding-up.

None of employees were granted share option by the Company during the year.

Notes To Financial Statements

(31 March 2008)

21. RELATED PARTY TRANSACTIONS

During the year, saved for those parties referred to in the connected transactions in the report of the Directors, the Company traded the listed securities through a securities account maintained with a related Company, Grand Investment (Securities) Limited, in which the Directors of the Company, Mr. Lee Woo Sing, Mr. Lee Tak Lun, and Ms. Chung Wing Han, Wendy have beneficial interests.

22. FINANCIAL INSTRUMENTS

(a) Financial risk factors

The main risks arising from the Company's financial instruments are credit risks, liquidity risk, foreign exchange risks, equity price risks and interest rate risks. The Directors meet periodically to analyse and formulate measures to manage the Company's exposure to these risks. Generally, the Company introduces conservative strategies on its risk management. As the Company's exposure to these risks is kept to a minimum, the Company has not used any derivatives and other instruments for hedging purposes. The Directors review and agree policies for managing each of these risks and they are summarised as follows:

(i) Credit risks

Financial instruments of the Company that are exposed to credit risks include cash equivalents and trade receivables. Cash equivalents consist principally of deposits and short-term money market funds placed with major financial institutions. These instruments are short-term in nature and bear minimal risk. To date, the Company has not experienced any losses on cash equivalents.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet date deducting any impairment allowance. The Company do not provide guarantees which would expose the Company to credit risk.

(ii) Liquidity risks

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet liquidity requirement in the short and longer term.

The maturity analysis of the Company's financial liabilities is as follows:

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year
At 31 March 2008	HK\$'000	HK\$'000	HK\$'000
Other payables and accruals	3,609	3,609	3,609
	3,609	3,609	3,609

Notes To Financial Statements

(31 March 2008)

22. FINANCIAL INSTRUMENTS (continued)

- (a) Financial risk factors (continued)
(ii) Liquidity risks (continued)

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year
At 31 March 2007	HK\$'000	HK\$'000	HK\$'000
Other payables and accruals	2,132	2,132	2,132
Tax payable	2,473	2,473	2,473
	4,605	4,605	4,605

(iii) Foreign exchange risks

The Company exposure to foreign exchange risk primarily stems from holdings of monetary assets and liabilities denominated in foreign currencies, leveraged foreign exchange trading and net investment in foreign limited partnerships. As most of the Company's monetary asset and liabilities and net investment in foreign limited partnerships are denominated in Hong Kong dollars, United States dollars or Renminbi, management does not consider there is any significant currency risk associated with them. The Company has a policy not to maintain a significant net position on leveraged foreign exchange trading and the underlying exposure is monitored on a continuing basis. In respect of financial instruments denominated in other currencies, the Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term in balance.

Overall, management monitors the Company's foreign currency exposure closely and would consider hedging significant currency exposure should the need arise.

Notes To Financial Statements

(31 March 2008)

22. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk factors (continued)

(iii) Foreign exchange risks (continued)

At balance sheet date, the Company's exposure to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate is tabled below:

At 31 March 2008	In USD HK\$'000	In RMB HK\$'000
Investment at fair value through profit and loss		
– Investment in limited partnerships	15,036	–
Available for sale financial assets		
– Unlisted securities	–	11,485
– Investment in limited partnerships	5,460	–
Cash and bank balance	7,592	–
	<hr/>	<hr/>
	28,088	11,485

At 31 March 2007	In USD HK\$'000	In RMB HK\$'000
Available for sale financial assets		
– Unlisted securities	–	12,259
– Convertible redeemable preference shares	9,987	–
Cash and bank balance	3	–
	<hr/>	<hr/>
	9,990	12,259

(iv) Equity price risks

The Company is exposed to equity price risk changes arising from equity investments classified as available for sale and financial asset through profit and loss. Other than unlisted securities held for medium-to-long term investment purpose, all of these investments are listed.

The Company's listed investments are mainly listed on Stock Exchange of Hong Kong. Decisions to buy or sell of trading securities are rested with assigned investment manager and each investment portfolio is governed and approved by investment committee. Listed investments held at fair value through profit and loss have been chosen based on their medium-to-long term growth potential and are monitored regularly for performance against expectations.

Notes To Financial Statements

(31 March 2008)

22. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk factors (continued)

(iv) Equity price risks (continued)

The performance of the Company's unquoted investments is assessed, based on the limited information available to the Company, periodically against performance of listed entities of comparable size and nature of business.

The following table shows the approximate changes in the Company profit after tax (and retained profits) in response to reasonable change in the relevant listed equity stock prices.

	Increase/ (decrease) in equity price	Effect on profit after tax and retained profits HK\$'000
At 31 March 2008		
Market price of underlying listed equity investments	5%	840
	(5)%	(840)
At 31 March 2007		
Market price of underlying listed equity investments	5%	1,355
	(5)%	(1,355)

(v) Interest rate risks

There were two types interest rate risk:

- Fair value interest rate risk – the risk that the value of a financial instruments will fluctuate because of changes in market interest rates; and
- Cash flow interest rate risk – the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

Notes To Financial Statements

(31 March 2008)

22. FINANCIAL INSTRUMENTS *(continued)*

(a) Financial risk factors *(continued)*

(v) *Interest rate risks (continued)*

As the Company has no significant interest-bearing assets cash and cash equivalents, the Company's income and operating cash flows are substantially independent of changes in market interest rates. Hence the Company's exposure in fair value interest rate risk is considered not significant. In order to manage the cash flows interest rate risk, the Company will only raise short-term borrowings with banks and will repay then whenever the Company has surplus funds. Hence management considers the Company's exposure to cash flow interest rate risk is minimal.

23. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Estimation of fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. Where available, the most suitable measure for fair value is the quoted market price. In the absence of organized secondary markets for most financial instruments, and in particular for unlisted equity is not available. The fair value of such instruments was therefore calculated on the basis of well-established valuation techniques using current market parameters. In particular, the fair value is a theoretical value applicable at a given reporting date, and hence can only be used as an indicator of value realizable in a future sale.

The Company compares valuations derived from models with quoted prices of similar financial instruments, and public information available in order to further validate and calibrate the models. These techniques involve uncertainties and are significantly affected by the characteristics of various financial instruments, discount rates, estimates and the resulting fair values. Derived fair value estimates cannot necessarily be substantiated by comparison to independent markets and, in many cases, could not be realized in an immediate sale of the instruments. The following methods and significant assumptions have been applied in determining the fair values of financial instruments.

The fair value of unquoted equity investments is estimated using an appropriate combination of (1) discount cash flow method to devolve the future value of the business into a present market value, (2) deducting from prices recently paid for similar assets and the financial indicator of the transacted assets such as net book value and net operating profit, and (3) applying, if possible, price/earning ratios for similar listed companies adjusted to reflect the specific circumstances of the issuers.

Notes To Financial Statements

(31 March 2008)

23. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(b) Fair value

All financial instruments are stated at fair value or carried at amounts not materially different from their fair values as at 31 March 2008 and 2007.

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of Directors on 25 June 2008.

Financial Summary

(For The Year Ended 31 March 2008)

	2008 HK\$'000	2007 HK\$'000
RESULTS		
Revenue	10,593	21,740
Profit before taxation	7,496	17,781
Taxation	(1,403)	(2,850)
Profit attributable to shareholders	6,093	14,931
ASSETS AND LIABILITIES		
Total assets	76,326	78,573
Total liabilities	(3,609)	(4,605)
Shareholders' funds	72,717	73,968
NET ASSET VALUE PER SHARE (CENTS)	42	86