



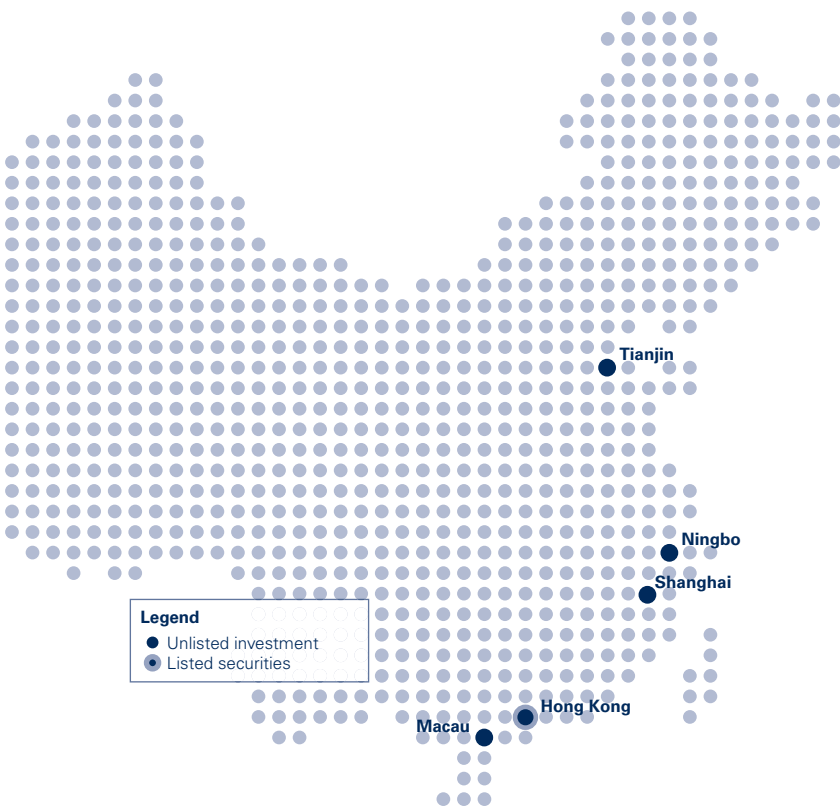
大唐投資國際有限公司\*  
GRAND INVESTMENT INTERNATIONAL LTD.  
(incorporated in Bermuda with limited liability)  
Stock Code: 1160

Positioned for **GROWTH**



**2008**

Interim Report



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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Lee Tak Lun  
Ms. Lee Wai Tsang Rosa  
Ms. Chung Wing Han Wendy  
Dr. Huang Zhijian

#### 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 Floor, Entertainment Building  
30 Queen's Road Central  
Hong Kong

### CUSTODIAN

UBS AG  
52/F, Two International Finance Centre  
8 Finance Street, Central, Hong Kong

### AUDITORS

East Asia Sentinel Limited  
(formerly known as  
BKR Lew & Barr Limited)  
22 Floor, Tai Yau Building  
181 Johnston Road  
Wanchai, Hong Kong

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### LEGAL ADVISORS

#### As to Hong Kong law

Chiu & Partners  
41 Floor, Jardine House  
1 Connaught Place, Central  
Hong Kong

#### As to Bermuda law

Conyers Dill & Pearman  
2901, One Exchange Square  
8 Connaught Place, Central  
Hong Kong

### PRINCIPAL BANKER

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



# Unaudited Interim Financial Statements

## RESULTS

The board (the “Board”) of directors (the “Directors”) of Grand Investment International Ltd. (the “Company”) is pleased to announce the unaudited condensed results of the Company for the period from 1 April 2008 to 30 September 2008 (the “Period”). These interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee.

On behalf of the Board

**Grand Investment International Ltd.**

**Lee Wai Tsang, Rosa**

*Executive Director*

# Condensed Income Statement

(For the six months ended 30 September 2008)

	NOTE	Six months ended	
		30 September 2008 HK\$'000 (Unaudited)	30 September 2007 HK\$'000 (Unaudited)
REVENUES	3	(9,074)	20,850
OTHER REVENUES		65	164
ADMINISTRATIVE EXPENSES		(1,305)	(1,386)
(LOSS)/PROFIT BEFORE TAXATION	5	(10,314)	19,628
TAXATION	6	–	(3,440)
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS		(10,314)	16,188
INTERIM DIVIDEND	7	–	–
(LOSS)/EARNINGS PER SHARE (Cents)			
– Basic	8	(5.97)	14.59
– Diluted	8	N/A	N/A

The notes on pages 8 to 13 form part of these condensed interim financial statements.

# Condensed Balance Sheet

(As at 30 September 2008)

NOTE	<b>30 September 2008 HK\$'000 (Unaudited)</b>	31 March 2008 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>		
Available-for-sale investments	<b>31,491</b>	16,945
<b>CURRENT ASSETS</b>		
Investments at fair value through profit or loss	<b>13,978</b>	35,404
Tax recoverable	<b>1,447</b>	1,447
Accounts receivable 9	<b>7</b>	1,869
Other receivable and prepayments	<b>391</b>	294
Cash and cash equivalents	<b>15,248</b>	20,367
	<b>31,071</b>	59,381
<b>CURRENT LIABILITIES</b>		
Other payable and accruals 10	<b>159</b>	3,609
<b>NET CURRENT ASSETS</b>		
	<b>30,912</b>	55,772
<b>NET ASSETS</b>		
	<b>62,403</b>	72,717
<b>CAPITAL AND RESERVES</b>		
Share capital 11	<b>17,280</b>	17,280
Reserves	<b>45,123</b>	55,437
<b>SHAREHOLDERS' FUNDS</b>		
	<b>62,403</b>	72,717
<b>NET ASSET VALUE PER SHARE (Cents)</b>		
	<b>36</b>	42

The notes on pages 8 to 13 form part of these condensed interim financial statements.

# Condensed Statement of Changes in Equity

(For the six months ended 30 September 2008)

	<b>Share capital</b>	<b>Share premium</b>	<b>Retained profits</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2007 (Audited)	8,640	46,426	18,902	73,968
Issue of bonus shares	8,640	(8,640)	–	–
Dividends paid	–	–	(3,888)	(3,888)
Profit for the period	–	–	16,188	16,188
Balance at 30 September 2007 (Unaudited)	17,280	37,786	31,202	86,268
Balance at 1 April 2008 (Audited)	17,280	37,786	17,651	72,717
Loss for the period	–	–	(10,314)	(10,314)
Balance at 30 September 2008 (Unaudited)	17,280	37,786	7,337	62,403

The notes on pages 8 to 13 form part of these condensed interim financial statements.

# Condensed Cash Flow Statement

(For the six months ended 30 September 2008)

	Six months ended	
	30 September 2008 HK\$'000 (Unaudited)	30 September 2007 HK\$'000 (Unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<b>(5,597)</b>	11,851
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	<b>(5,597)</b>	11,851
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>20,845</b>	8,994
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>15,248</b>	20,845
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	<b>15,248</b>	20,845

The notes on pages 8 to 13 form part of these condensed interim financial statements.



# Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 September 2008)

## 1. BASIS OF PREPARATION

The condensed financial statements are prepared in accordance with the applicable disclosure requirements as set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The condensed financial statements should be read in conjunction with the Annual Report of the Company for the year ended 31 March 2008.

## 2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair values, as appropriate.

The accounting policies adopted in the condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 March 2008.

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

HKAS 1 (Revised)	Presentation of financial statements <sup>1</sup>
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation <sup>1</sup>
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets <sup>2</sup>

<sup>1</sup> Effective for accounting periods beginning on or after 1 January 2009

<sup>2</sup> Effective from 1 July 2008

The Directors anticipate that the application of the other new revised and amended standards, amendments and interpretation will have no material impact on the results and financial position of the Company.

# Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 September 2008)

## 3. REVENUES

The Company principally invests in listed and unlisted securities in Hong Kong and in the People's Republic of China (the "PRC").

The Company's revenues for the Period are as follows:

	Six months ended	
	30 September 2008 HK\$'000 (Unaudited)	30 September 2007 HK\$'000 (Unaudited)
Net realised gain on disposal of investments at fair value through profit and loss	1,059	11,073
Net unrealized holding (loss)/gain on investments at fair value through profit and loss	(10,917)	8,548
Dividend income from listed securities	784	184
Interest income from notes receivable	–	1,045
	<b>(9,074)</b>	20,850

## 4. SEGMENT INFORMATION

No business or geographical analysis of the Company's performance for the Period is specifically provided as all of the revenues and contributions to operating results of the Company are attributable to investments in listed securities in Hong Kong, a convertible note receivable and private equities of private companies in the PRC.

# Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 September 2008)

## 5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after crediting and charging the following:

	Six months ended	
	30 September 2008 HK\$'000 (Unaudited)	30 September 2007 HK\$'000 (Unaudited)
<b>Crediting</b>		
Interest income	65	164
<b>Charging</b>		
Provision for auditors' remuneration	54	30
Directors' remuneration		
Fee	–	–
Other emoluments	300	340
Other staff costs	9	12
<hr/>		
Total staff costs	309	352
Investment manager fee	144	148
Operating lease payments	224	221

Included in total staff costs are contribution to Mandatory Provident Fund for the Period totalling HK\$9,000 (period ended 30 September 2007: HK\$12,458).

## 6. TAXATION

No provision for Hong Kong profits tax has been made as the Company sustained a loss for the Period (period ended 30 September 2007: profits tax provided at 17.5%).

# Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 September 2008)

## 7. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (period ended 30 September 2007: Nil).

## 8. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per ordinary share in the Company is based on the unaudited loss of HK\$10,314,000 for the Period (period ended 30 September 2007: profit of HK\$16,188,000) attributable to shareholders and the 172,800,000 ordinary shares in the Company (period ended 30 September 2007: 110,950,820 ordinary shares in the Company) in issue during the Period.

The Company has no potential dilutive ordinary shares that were outstanding during the two periods ended 30 September 2008 and 30 September 2007, therefore, no diluted (loss)/earnings per share has been presented.

## 9. ACCOUNTS RECEIVABLE

An aging analysis of the accounts receivable as at 30 September 2008 is as below:

	<b>30 September 2008 HK\$'000 (Unaudited)</b>	<b>31 March 2008 HK\$'000 (Audited)</b>
Within 1 month	<b>4</b>	1,869
Between one to two years	<b>3</b>	–
	<b>7</b>	1,869

# Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 September 2008)

## 10. OTHER PAYABLE AND ACCRUALS

An aging analysis of the other payable and accruals as at 30 September 2008 is as below:

	<b>30 September 2008 HK\$'000 (Unaudited)</b>	31 March 2008 HK\$'000 (Audited)
Less than 1 year	<b>159</b>	3,609

## 11. SHARE CAPITAL

	<b>30 September 2008 HK\$'000 (Unaudited)</b>	31 March 2008 HK\$'000 (Audited)
Authorised: 1,000,000,000 ordinary shares of HK\$0.1 each	<b>100,000</b>	100,000
Issued and fully paid: 172,800,000 ordinary shares (year ended 31 March 2008: 172,800,000 ordinary shares) of HK\$0.1 each	<b>17,280</b>	17,280

# Notes to the Unaudited Interim Financial Statements

(For the six months ended 30 September 2008)

## 12. RELATED PARTY TRANSACTIONS

During the Period, the Company traded the listed securities through a securities account maintained with a related company, Grand Investment (Securities) Limited ("GIS") in which the directors of the Company, Mr. Lee Woo Sing, Mr. Lee Tak Lun and Ms. Chung Wing Han Wendy have beneficial interests.

Furthermore, the Company also appointed GIS as its Investment Manager and the total amount of management fees paid to GIS, which was calculated on a fixed fee basis, pursuant to the terms of the Investment Management Agreement in force during the Period amounted to HK\$144,000 (period ended 30 September 2007: HK\$148,000).

## 13. OPERATING LEASE COMMITMENTS

At 30 September 2008, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>30 September 2008 HK\$'000 (Unaudited)</b>	31 March 2008 HK\$'000 (Audited)
Not later than one year	<b>16</b>	227
In second to fifth year inclusive	–	–
	<b>16</b>	227

## 14. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

This interim financial statements were approved by the Board on 28 November 2008.



# Management Discussion and Analysis

## INTERIM RESULTS

During the Period, the Company recorded a loss of HK\$9,074,000 (period ended 30 September 2007: a revenue of HK\$20,850,000) and a net loss attributable to shareholders of HK\$10,314,000 (period ended 30 September 2007: a profit of HK\$16,188,000).

The net asset value ("NAV") per ordinary share of HK\$0.10 of the Company was HK\$0.36 as at 30 September 2008 (31 March 2008: HK\$0.42).

## BUSINESS OVERVIEW AND PROSPECTS

We are in a historical period of global economic slowdown. The series of dramatic events and financial crisis initiated in the US has spread across the globe; starting from the demise of Bear Stearns to the bankruptcy of Lehman Brothers to the Federal takeover of mortgage companies Fannie Mae and Freddie Mac to the US\$700 billion bailout package for insurance giant American International Group and financial institutions to the once high profile investment banks like Goldman Sachs and Morgan Stanley transforming into commercial banks. The tumultuous events within 2008 are reshaping not only the American's financial history, but also the economy internationally as each market jostles with low investor confidence, profit warnings and massive layoffs. The past few months marks the somber end of Wall Street era while extreme volatility persists in the stock, currency and commodity markets on a global scale.

In this unpredictable period, we continue to remain vigilant and monitor rigorously on our existing portfolio, to be selective on new investment and to maximize opportunity for cash returns. The monthly disclosure of our NAV reflects transparency and our financial position on unrealized gain and loss. As a result, surprises are minimal. We are slowly closing out positions where we have been negatively exposed. Meanwhile, we are prudent not to fire sale our equities positions. We realize that the current market is at a very sensitive stage where valuation is low, but investor confidences are even lower. The fickle and volatile markets provide short term investment opportunities. With the continuous global



## Management Discussion and Analysis

economic slowdown, China remains one of the fastest growing economies with recent stimulus package to support spending on infrastructure, bank lending and rural living standards. Its long term appeal for investment is beyond doubt even with its decelerated GDP growth. Our commitment to invest US\$1,000,300 into a PRC enterprise technology company based in Shanghai during the first half of 2008 demonstrates that there are still vast investment opportunities in China. We are committed to our shareholders in identifying optimal investment opportunities, while monitoring our portfolio with diligence.

### **Direct Investments**

#### *Tianjin Yishang Friendship Holding Co., Ltd (“Tianjin Yishang”)*

Tianjin Yishang is a sino-foreign enterprise incorporated in the PRC on 6 January 2006 following the implementation of a re-organisation whereby the equity interest of Tianjin Yishang Development Company Limited, a state-owned enterprise in the PRC, were injected into Tianjin Yishang. The Tianjin Yishang group of companies are principally engaged in the operation of department stores and home appliance retail shops in the PRC.

#### *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 primarily invests in the real estate sector in Macau and realizes capital appreciation from the sale of its investments in properties.

#### *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 in the Cayman Islands. CMHJ is primarily engaged in the making of venture capital investments through 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.





## Management Discussion and Analysis

### *Lot Software Systems International Limited (“Lot Software”)*

Lot Software is a limited liability company incorporated under the laws of the British Virgin Islands. It focuses on software outsourcing business in Japan and provides services on application software project developer and product research. It has expertise in the provision of a variety of services including consultancy, logistic design and development, finance, manufacturer, management information system and enterprise resource planning areas, as well as powerful capability and experience in system workflow and framework.

### *浙江凌日複合材料有限公司(「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.

## **INVESTMENT IN SECURITIES**

The Company is taking a prudent and conservative approach in monitoring its current portfolio with a view to minimizing the risk exposure we may face in the market. Given the most recent corrections and substantial sell-off in the market, we are selectively selling and maintaining what we have in our portfolios. With diversification and valuation based on strong fundamentals, we hope not to fire sale any of the equity assets, but to selectively maintain those which we believe have potential.



# Management Discussion and Analysis

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the Period, the Company was in a sound liquidity position. It had an available fund of HK\$15,248,000 (31 March 2008: HK\$20,367,000) which was placed in Hong Kong Dollars short terms deposits with its principal bank. There was no borrowing or funding requirements by the Company for investment and capital expenditures. The Board believes that the Company has sufficient financial resources to meet its investment or working capital requirements.

As at 30 September 2008, the Company had net assets of HK\$62,403,000 (31 March 2008: HK\$72,717,000) with no long term liabilities. The gearing ratio calculated on the basis of total liabilities over shareholders' fund as at 30 September 2008 was 0.25% (31 March 2008: 4.96%).

## **CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES**

As at 30 September 2008, there were no charges on the Company's assets or any significant contingent liabilities (31 March 2008: Nil).

The calculation of debt to equity ratio (expressed as a percentage of bank and other borrowings over total net assets of the Company) is not applicable.

## **CAPITAL EXPENDITURES AND COMMITMENTS**

During the Period, the Company made no capital expenditures and other commitments.

## **CAPITAL STRUCTURE**

As at 30 September 2008, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000.



## Management Discussion and Analysis

### **PURCHASE, SALE OR REDEMPTION**

During the Period, the Company has not purchased, sold or redeemed any of its shares.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2008, the Company had 8 (30 September 2007: 8) employees, (including the executive, non-executive and independent non-executive Directors).

Total staff cost for the Period amounted to HK\$309,000 (period ended 30 September 2007: HK\$352,000). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of the individual employees.

During the Period, no option has been granted or agreed to be granted under the share option scheme adopted by the Company.

### **FOREIGN CURRENCY EXPOSURE**

The Company's investments may be denominated in currencies other than Hong Kong dollar, and is to certain extent exposed to fluctuation of the exchange rate. The Board believes that foreign exchange risks are minimal as the other currencies used (mostly in Renminbi and an insignificant portion in US dollars) are relatively stable against Hong Kong dollar.



## Management Discussion and Analysis

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 September 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 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 of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, were as follows:

<b>Name of Director</b>	<b>Name of Company/ associated corporation</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of existing shareholding</b>
Lee Tak Lun	the Company	Interest of a controlled corporation <i>(Note 1)</i>	14,980,000 (long position) <i>(Note 1)</i>	8.67%
		Interest of a controlled corporation <i>(Notes 2 to 4)</i>	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.35%
			50,160,000	29.02%
Lee Woo Sing	the Company	Interest of a controlled corporation <i>(Note 5)</i>	1,000,000 (long position) <i>(Note 5)</i>	0.58%



## Management Discussion and Analysis

Other than disclosed above, none of the Directors, Chief executive of the Company or their associates had any interest or short positions in any shares and underlying shares of the Company or any of its associated corporations.

*Note:* The notes can be found on page 23 of this interim report

### **DIRECTOR'S INTEREST 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 or during the period ended 30 September 2008.

### **DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES**

At no time during the Period was the Company or its associated companies a party to any arrangements to enable the Directors or chief executive of the Company to acquire any interests or benefits by means of acquisition of shares, underlying shares in or debentures of the Company.

### **SHARE OPTIONS**

The Company has a share option scheme under which the Directors and certain selected classes of participants may at the discretion of the Directors, be granted options to subscribe for ordinary shares in the Company, subject to the stipulated terms and conditions. No options were granted under the share option scheme during the Period (period ended 30 September 2007: Nil).

Save as disclosed above, none of the Directors or the chief executive of the Company, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the Period (period ended 30 September 2007: Nil).



# Management Discussion and Analysis

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 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 or Part XV of the SFO:

<b>Name of Substantial shareholder</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of existing shareholding</b>
1. Optimize Capital Investments Limited ("Optimize Capital") (Note 1)	Beneficial owner	14,980,000 (long position) (Note 1)	8.67%
2. Lee Tak Lun (Note 1)	Interest of a controlled corporation (Note 1)	14,980,000 (long position) (Note 1)	8.67%
(Notes 2 to 4)	Interest of a controlled corporation (Notes 2 to 4)	35,180,000 (long position) (Notes 2 to 4)	20.35%
		<hr/> 50,160,000	29.02%



## Management Discussion and Analysis

<b>Name of Substantial shareholder</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of existing shareholding</b>
3. Grand Finance Group Company Limited ("GFG") (Notes 2 to 4)	Beneficial owner (Notes 2 to 4)	35,180,000 (long position) (Notes 2 to 4)	20.35%
4. Jumbo China Holdings Limited (Notes 2 to 4)	Interest of a controlled corporation (Notes 2 to 4)	35,180,000 (long position) (Notes 2 to 4)	20.35%
5. Billion Sky Limited (Notes 2 to 4)	Interest of a controlled corporation (Notes 2 to 4)	35,180,000 (long position) (Notes 2 to 4)	20.35%
6. Win Key Investments Limited (Notes 2 to 4)	Interest of a controlled corporation (Notes 2 to 4)	35,180,000 (long position) (Notes 2 to 4)	20.35%



# Management Discussion and Analysis

## *Notes:*

1. 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, Ms. 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 while Mr. Lee Tak Lun and Ms. Lee Wai Tsang Rosa are executive Directors. Mr. Lee Tak Lun is taken to be interested in these Shares under Part XV of the SFO.
2. GFG is a company incorporated in Hong Kong, the entire issued share capital of which is beneficially owned as to 58% by Jumbo China Holdings Limited, 28% by Bright Pearl Limited and 14% by Win Key Investments Limited. Jumbo China Holdings Limited is taken to be interested in these Shares under Part XV of the SFO.
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 under Part XV of the SFO.
4. The entire issued share capital of Billion Sky Limited is beneficially owned as to 59.55% 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 under Part XV of the SFO.
5. 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 under Part XV of the SFO.

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 Divisions 2 and 3 of 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 30 September 2008.

## **COMPETITION AND CONFLICT OF INTEREST**

None of the Directors or substantial shareholders of the Company or any of their respective associates has an interest in a business, which causes or may cause any significant competition with the business of the Company.





# Management Discussion and Analysis

## **CORPORATE GOVERNANCE**

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted codes of conduct regarding securities transactions by Directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. On specific enquiries made, all Directors have confirmed that, in respect of the reporting period, they have complied with the required standard set out in the Model Code regarding Directors' securities transactions.

## **AUDIT COMMITTEE**

The Company's Audit Committee, comprising all the three independent non-executive Directors, has reviewed with the management of the Company the accounting principles and practices adopted by the Company and discussed the auditing, internal control and financial reporting matters including a review of the Company's unaudited interim financial statements for the six months ended 30 September 2008.

## **BOARD OF DIRECTORS**

As at the date of this Report, the Board comprises four executive Directors, namely Mr. Lee Tak Lun, Ms. Lee Wai Tsang Rosa, Ms. Chung Wing Han Wendy and Dr. Huang Zhijian, a non-executive Director, namely Mr. Lee Woo Sing and three independent non-executive Directors, namely Mr. Lu Fan, Mr. Yao Cho Fai Andrew and Dr. Zhang Hongru.

By order of the Board  
**Lee Wai Tsang, Rosa**  
*Executive Director*

Hong Kong, 28 November 2008