



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



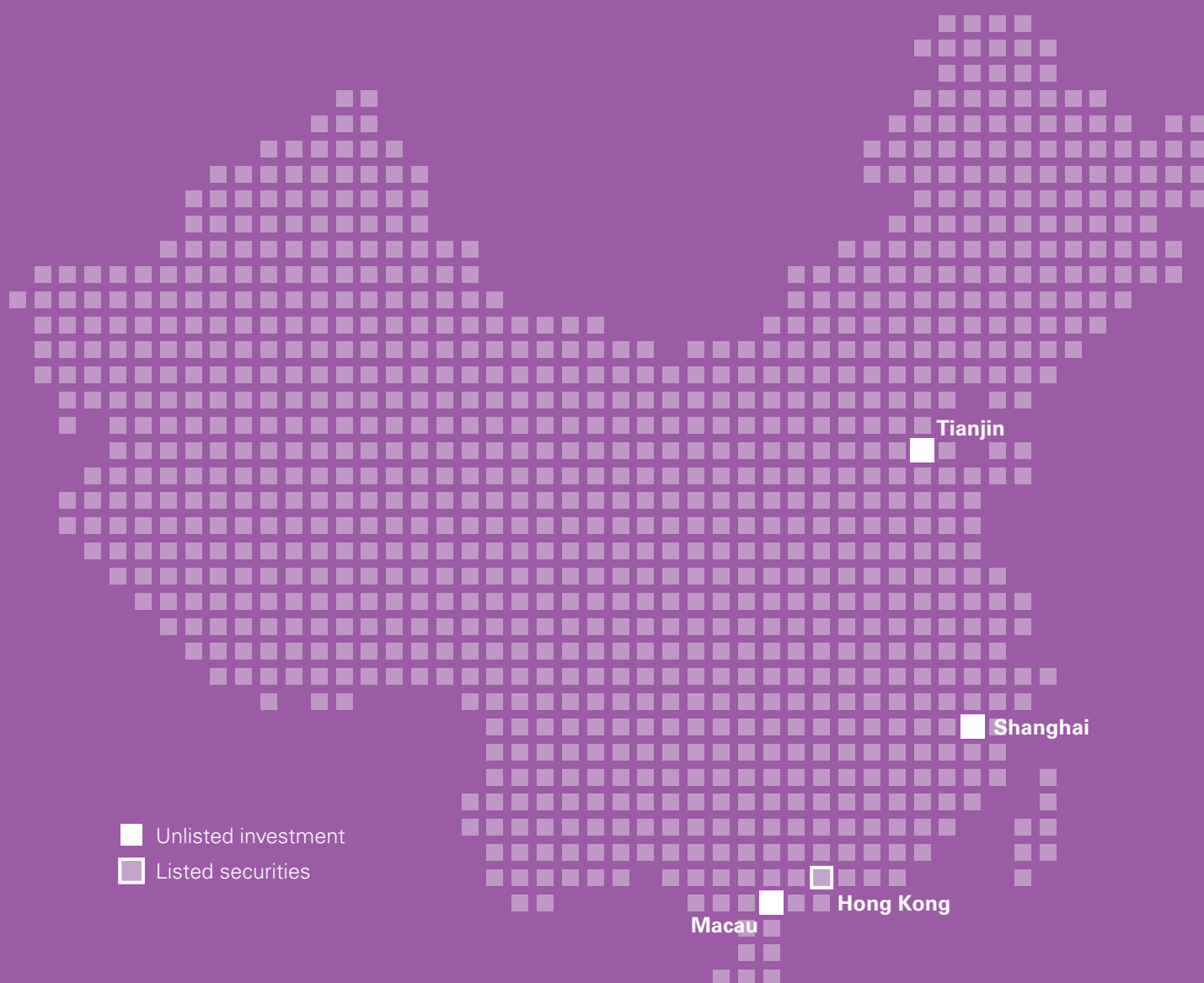
Annual
Report

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■ Positioned for Growth

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr Lee Tak Lun (resigned on 1 June 2009)
Ms Lee Wai Tsang, Rosa
Ms Chung Wing Han, Wendy (resigned on 1 June 2009)
Dr Huang Zhijian

Non-Executive Director

Mr Lee Woo Sing (*Chairman*)

Independent Non-Executive Directors

Mr Lu Fan
Mr Yao Cho Fai, Andrew (resigned on 1 June 2009)
Dr Zhang Hongru
Dr Zhou Yunxia (appointed on 1 June 2009)

COMPANY SECRETARY

Ms Chung Wing Han, Wendy

AUDIT COMMITTEE

Mr Lu Fan
Mr Yao Cho Fai, Andrew (resigned on 1 June 2009)
Dr Zhang Hongru
Dr Zhou Yunxia (appointed on 1 June 2009)

INVESTMENT MANAGER

Grand Investment (Securities) Limited
22/F 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
22th Floor, Tai Yau Building
181 Johnston Road
Wanchai, 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

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

2008 has been a tumultuous year. The collapse of Bear Stearns in March 2008 not only initiated equities contraction in Hong Kong, but also brought down the once popular structured product of accumulators. While some investors' confidence was lingering in the advent of the Beijing Olympic, Europe faced its own financial turmoil with bank run-on numerous financial institutions. It was not until the default of Lehman Brothers in early September that faded investors' hope. Within the same span of time, Merrill Lynch was sold to a commercial bank, Bank of America; Goldman Sachs and Morgan Stanley were converted to commercial banks which transformed the Wall Street altogether. AIG and countless financial institutions including Freddie Mac and Fannie Mae took shelter under massive government bailout. The detrimental impact of the US financial market had on the rest of the world was phenomenal. Credit crunch started in September forced the global government to extend guarantee and lower interest to boost liquidity in the lending market. US rolled out US\$700 billion bailout plan while countries around the world launched their own stimulus packages. The shock of the world's unraveling financial web triggered economic recession in many countries and resulted in decline on equities on a global scale. By March 2009 all major indices: HSI, DJIA, Nikkei 25, FTSE sustained year-on-year return of -41.32%, -39.87%, -35.93%, -32.92% respectively. With the falling price of equities and global decline, the price of commodities such as oil also fell from its peak of US\$147.27 to US\$32.40 by middle of February this year and currencies such as British Pound, Euro, Australian Dollar and Korean Won depreciated against the US dollars.

The worst may have been over, but the market is still under extreme uncertainty. The drastic loss of confidence from investors had made the market very sensitive. We weathered the storm through 2008, during which HSI from its peak of 26,387.37 in early May dropped to the bottom of 10,676.29 in late October. The financial crisis we experienced in 2008 may have shown some "green shoots" as the steep drop in equities in late March 2009 made substantial recovery on the HSI. Moreover, the government and economy in China remain strong. The stimulus package of RMB 4 trillion in the next two years will facilitate rebuilding the domestic economy as well as ameliorating the negative impact we are facing from the global recession. China remains an excellent target for investments. But we are taking cautious approach because the underlying economy is still bearish. We are careful in our methodology and monitoring of our investments.

Going forward, China remains to be our focus. China plays a pivotal role in the recovery of the global economy. We want to utilize this opportunity to maximize our return while taking necessary precaution to preserve capital and review existing investment. Finally, we would like to thank our shareholders for their trust and patience through this difficult period. We will continue to do the best we can to serve you and maximize the value of your investments. We hope to survive this challenging period together for a better future.

Lee Woo Sing

Chairman

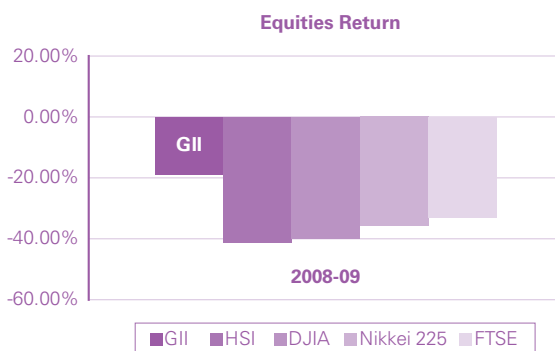
Hong Kong 1 June 2009

Management Discussion and Analysis

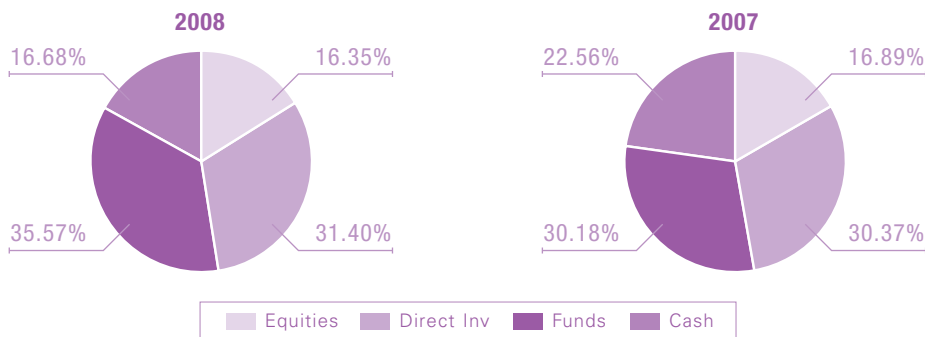
BUSINESS REVIEW AND PROSPECTS

Investment Review

Due to the poor economic environment, we had made provision on one equities investment and one direct investment in this year. The equities investment made through the placing of the remaining 1.5 million shares of China Medical Science (HK: 8120) at purchase price of HK\$0.15 is winding-up and the stock had been suspended indefinitely since 28 October 2008. The direct investment of HK\$2.8 million in 浙江凌日 had been written off due to economic slowdown. Our overall equities return is -19% when compared to -41% of Hang Seng Index for the period from 1 April 2008 to 31 March 2009 at mark-to-market.



The principal activity of the Company is investing in both listed and unlisted securities in Hong Kong and China. During 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. During the year under review, our asset allocation is approximately distributed with 16.35% for equities, 31.40% for direct investment in China, 35.57% for funds and 16.68% for cash.





Management Discussion and Analysis

Operating Results

During the year, the Company recorded a net loss of HK\$18,796,000 (2008: a net profit of HK\$6,093,000). 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 2009, the Company recorded loss of HK\$15,703,000 (2008: a revenue of HK\$10,593,000), comprising, among others, realized loss of approximately HK\$6,731,000 (2008: a gain of HK\$12,608,000) and net unrealized loss of the listed securities and investments portfolio of HK\$9,381,000 (2008: a gain of HK\$2,701,000).

Prospects

Going forward, we will accord priority to reduce cost. On the direct investment front, we maintain the strategy to identify investment with potential of asset appreciation as well as companies with sustainable income stream. As many companies in China are facing economic challenges including depreciated valuation, lower earnings and shrinking business, we will seek companies with steady dividend yield and solid long-term growth potential. Moreover, our equity strategy is to pay more attention to undervalued stocks that experienced corrections but maintained strong financial and clear strategies. We will also consider sectors or companies with large market capitalization. We believe they will eventually outperform small ones especially in times of economic uncertainty and tighter credit condition.

DIVIDENDS

The Directors propose to preserve cash for investment activities and do not recommend any dividend for the year ended 31 March 2009 (2008: HK\$0.02 per share).



Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2009, the Company had a total bank balance of approximately HK\$8,668,000 (2008: HK\$20,400,000).

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 (2008: N/A).

The Company had net assets of HK\$53,921,000 (2008: HK\$73,000,000), 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 Renminbi. Accordingly, it is subjected to limited exposure of foreign exchange fluctuation. As the Company's exposure to such foreign exchange risks is kept to a minimum, the Company has not used any derivatives and other instruments for hedging purposes.

CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2009, there was no charges on the Company's assets or any significant contingent liabilities (2008: Nil).

CAPITAL EXPENDITURES AND COMMITMENTS

The Company had capital commitments amounted to HK\$8,580,000 as at 31 March 2009 (2008: HK\$10,140,000).

CAPITAL STRUCTURE

As at 31 March 2009, the total number of ordinary shares of HK\$0.10 each in the capital of the Company in issue was 172,800,000.



Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2009, the Company had 8 employees (2008: 8), including the executive, non-executive and independent non-executive Directors. Total staff cost for the year was HK\$735,000 (2008: HK\$763,000). 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.

APPRECIATIONS

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

Lee Wai Tsang, Rosa

Executive Director

Hong Kong SAR, 1 June 2009



Corporate Governance Report

The Company is committed to the practice and high standards of corporate governance with a view to enhance transparency, accountability and to protect 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 15 to 17 of this Annual Report. All INEDs have complied with the provisions set out in Rule 3.13 of the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and have confirmed they are independent of the members of the Group 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 Ms. Lee Wai Tsang Rosa, both being executive Directors. Mr. Lee Tak Lun is the father of Ms. 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. It has formalized the functions reserved to the Board to achieve a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to the Executive Director to deal with day-to-day operations and review those arrangements on a periodic basis. 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 Board functions 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.

Directors are provided with complete, adequate explanation and information to enable them to make an informed decision or assessment of the Group’s performance, position and prospects and to discharge their duties and responsibilities on a timely basis. The Directors, to properly discharge their duties, are given access to independent professional advisers, when necessary, at the expense of the Company.

Corporate Governance Report

The Board meets regularly and at least four Board meetings are scheduled annually at approximately quarterly intervals. Ad-hoc meetings are convened when it considers necessary. Sufficient notice is served to all Directors before the Board meetings. All Directors are entitled to have access to Board papers and related materials at least 3 days before the intended date of a Board or Board committee meeting unless there are restrictions on disclosure due to legal and regulatory requirements or other justifiable grounds. Upon convening 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. Such minutes are recorded in details for the matters considered by the participants of such meetings and decisions reached, including concerns raised by Directors and/or dissenting views expressed. The meeting minutes are circulated to relevant Directors or committee members within reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings and are open for inspection at any reasonable time on reasonable notice by any Director. 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. He is required to disclose the conflict of interest and is not allowed to participate in the final deliberation or decision and will abstain from voting on such matter. During the year ended 31 March 2009, a total of 18 meetings of the Board were held, 16 of which were conducted through the Investment Committee (see page 14 of this report).

The following is the attendance record of the Board meetings:

Name of Director	No. of Meetings Attended/Held	Attendance Rate
<i>Executive Directors</i>		
Mr Lee Tak Lun	2/2	100%
Ms Lee Wai Tsang, Rosa	2/2	100%
Ms Chung Wing Han, Wendy	2/2	100%
Dr Huang Zhijian	2/2	100%
<i>Non-executive Director</i>		
Mr. Lee Woo Sing (<i>Chairman</i>)	2/2	100%
<i>Independent Non-Executive Directors</i>		
Mr Lu Fan	2/2	100%
Mr Yao Cho Fai, Andrew	0/2	0%
Dr Zhang Hongru	1/2	50%



Corporate Governance Report

CORPORATE GOVERNANCE

During the year under review, the Company has complied with all the applicable code provisions (“Code Provisions”) 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 is well-balanced with authorities, responsibilities and accountability among the Board (which comprises experienced and individuals of high caliber 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 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 an arbitrary term which limits the duration of the Director’s service is 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.

The Directors are fully indemnified against costs, charges, losses, expenses and liabilities that may be incurred by them during 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.

The INEDs have the same duties of care and skill and fiduciary duties as the executive Directors. The functions of INEDs include, but not limited to:

- Participating in Board meetings to bring an independent judgment to bear on issues of corporate strategy, corporate performance, accountability, resources, key appointments and standard of conducts;
- Taking the lead where potential conflicts of interests arise;
- Serving and active participating on committees, if invited;
- Attending general meetings of the Company and developing a balanced understanding of the views of shareholders; and
- Scrutinizing the Group’s performance in achieving agreed corporate goals and objectives and monitoring the reporting of performance.

Corporate Governance Report

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, 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 an audit committee ("Audit Committee") whose members are Mr. Lu Fan, Mr. Yao Cho Fai, Andrew and Dr. Zhang Hongru, all being independent non-executive Directors. The terms of reference of the Audit Committee are consistent with the terms set out in the CG Code. The duties of the Audit Committee include 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 with the management about 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 2009. The following is the attendance record of the meetings held by the Audit Committee for the year under review:

Name of Member	No. of Meetings	
	Members 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 2009 together with the Report of Directors and Independent Auditors' Report thereon before the announcement of the annual results; and
2. to propose in the forthcoming Annual General Meeting for re-appointing East Asia Sentinel 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 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 Auditors was as below:

Nature of Services	HK\$'000
Audit services	112
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 ("Remuneration Committee") whose members are Mr. Lu Fan, Mr. Yao Cho Fai, Andrew and Dr. Zhang Hongru, all being independent non-executive Directors. The terms of reference of the Remuneration Committee are consistent with the terms set out in the CG Code. 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 2 meetings in the financial year ended 31 March 2009. The following is the attendance record of the meetings held by the Remuneration Committee during the year under review:

Name of Member	No. of Meetings	
	Members 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%



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. with reference to the candidate's professional knowledge, industry experience, personal ethics, integrity and skills, evaluated the Board's composition and recommended the re-appointment of retiring Directors for shareholders' approval at the annual general meeting.

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 the basis of the qualifications, experience and personality of the appointee. During the year under review, the Company has not established any nomination committee, and the Remuneration Committee is responsible for carrying out the functions of the nomination committee by dealing with matters of appointment, retirement and re-election of the Directors. During the year under review, there were no changes to the membership of the Remuneration Committee.

Pursuant to the Directors' resolution passed on 1 June 2009, Dr. Zhou Yunxia was appointed as the new INED with effect from 1 June 2009. Pursuant to bye-law 117 of the bye-law of the Company, Dr Chow shall hold office as an INED until the forthcoming annual general meeting ("Annual General Meeting") of the Company and being eligible, would offer herself for re-election at the Annual General Meeting.

In order to strengthen the corporate governance of the Company in respect of the appointment of Directors which would directly affect the quality of decision-making at the Board level, a nomination committee ("Nomination Committee"), which comprises Dr. Huang Zhijian, being an executive Director. Mr. Lu Fan and Dr. Zhou Yunxia, both being INEDs was established pursuant to the Directors' resolution passed on 1 June 2009. The terms of the Nomination Committee are consistent with the terms set up in the CG Code. The Nomination Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.



Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions 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. Having made specific enquiries of all Directors, the Directors confirmed that they had complied with the required standard laid down in the Model Code throughout the year under review.

DIRECTORS’ AND AUDITORS’ ACKNOWLEDGEMENT

The Audit Committee and the Board have reviewed the Company’s financial statements for the year under review. The Directors have acknowledged their responsibilities for preparing the accounts and presenting a balanced, clear and comprehensive assessment of 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.

East Asia Sentinel 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 27 to 28 of this Report.

INTERNAL CONTROL

The Company 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. The Board has conducted an annual review of the effectiveness of the internal control systems of the Group, covering all material controls, including but not limited to financial, operation, compliance controls and risk management functions.

INVESTMENT COMMITTEE

On investment subjects, the investment committee (“Investment Committee”) is responsible for making routine decisions. Corporate decisions are made collectively by the Board including independent non-executive Directors. The following is the attendance record of the meetings held by the Investment Committee during the year under review.

Name of Member	No. of Meetings	
	Members Attended/Held	Attendance Rate
Mr Lee Tak Lun	16/16	100%
Ms Lee Wai Tsang, Rosa (<i>Chairman</i>)	16/16	100%
Ms Chung Wing Han, Wendy	16/16	100%
Dr Huang Zhijian	16/16	100%

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Lee Tak Lun (resigned on 1 June 2009)

Mr. Lee Tak Lun, aged 60, has been as an executive Director since 1 June 2005. Mr. Lee has over 30 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, Vice Chairman 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 Ms. Lee Wai Tsang, Rosa, an executive Director. As at 31 March 2009, 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.

Ms. Lee Wai Tsang, Rosa

Ms. Lee Wai Tsang, Rosa, aged 31, has been an executive Director since 1 June 2005. Prior to her appointment as an executive Director, Ms. Lee was an executive manager and a member of the Company’s investment committee. Ms. Lee has a bachelor degree from the University of Southern California. She also holds Master of Science in Finance from Boston College and MBA from University of Chicago. Ms. 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. Ms. Lee is a licensed person for the regulated activities of dealing and advising in securities under the SFO. Ms. 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. Ms. Lee had written for various financial journals and been interviewed by numerous magazines and newspapers. She is a member of the Tianjin Youth Federation, Tianjin Women Federation, director of Tianjin Oversea Friendship Association and director of the Jiangxi Overseas Friendship Association.

Ms. 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

Ms. Chung Wing Han, Wendy (resigned on 1 June 2009)

Ms. Chung Wing Han, Wendy, aged 46, has been 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 63, has been an executive Director since 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 81, has been 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, the 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 FuDan University, a member of the Executive Committee of the Council of Chinese University of Hong Kong, Vice Chairman of the Board of Trustee at The Shaw College, Chinese University of Hong Kong, the Honorary Citizen of Tianjin, the 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.

As at 31 March 2009, 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.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lu Fan

Mr. Lu Fan, aged 53, has been 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 (resigned on 1 June 2009)

Mr. Yao Cho Fai, Andrew, aged 43, has been an independent non-executive Director since 22 April 2003. 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 52, has been 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, the PRC.

Dr. Zhou Yunxia (appointed on 1 June 2009)

Dr. Zhou Yunxia, aged 30, has been an independent non-executive Director since 1 June 2009. Dr. Zhou holds a Bachelor's Degree in Finance from the University of International Business and Economics, the PRC and the Degree of Doctor of Philosophy in Finance and Accounting from the National University of Singapore. Dr. Zhou is currently the Vice-President of the Corporate Finance Division of China Asean Resources Limited (Stock code: 8186), a company whose shares are listed on the Growth Enterprise Market operated by the Stock Exchange. She had been an Assistant Professor in Finance and Accounting in the Business School of the University of Queensland, Australia during the period from 2008 to 2009. She has over seven years' diverse financial knowledge and management experience in industry and government sectors with particular expertise in corporate finance projects, such as mergers and acquisitions and initial public offerings, capital market functions and investment relationship management. She had served as financial controller, financial and/or investment consultant for various international companies in the PRC and Singapore.



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 2009 which were approved by the board of Directors (the “Board”), on 1 June 2009.

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 ended 31 March 2009 comprised of gains or loss 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 2009 and the state of affairs of the Company as at 31 March 2009 are set out in the financial statements on pages 29 to 33.

DIVIDENDS

The Directors propose to preserve cash for investment activities and do not recommend any dividend for the year ended 31 March 2009 (2008: HK\$0.02 per share).

ANNUAL GENERAL MEETING

The annual general meeting (“Annual General Meeting”) of the Company will be held on 9 July 2009.



Report of the Directors

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Company for the year under review is set out on page 70.

RESERVES

Details of movements in reserves during the year under review are set out in the statement of changes in equity set out on page 31.

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 of the Company during the year under review are set out in note 15 to the financial statements.

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

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

COMPETING INTERESTS

As at 31 March 2009, 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 under review, 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 22 to the financial statements.



Report of the Directors

DIRECTORS

The Directors who held office during the year ended 31 March 2009 and up to the date of this report were:

Executive Directors

Mr Lee Tak Lun (resigned on 1 June 2009)

Ms Lee Wai Tsang, Rosa

Ms Chung Wing Han, Wendy (resigned on 1 June 2009)

Dr Huang Zhijian

Non-executive Director

Mr Lee Woo Sing (*Chairman*)

Independent Non-executive Directors ("INED")

Mr Lu Fan

Mr Yao Cho Fai, Andrew (resigned on 1 June 2009)

Dr Zhang Hongru

Dr Zhou Yunxia (appointed on 1 June 2009)

Pursuant to the Directors' resolution passed on 1 June 2009, Mr Lee Tak Lun and Ms Chung Wing Han Wendy, both being Executive Directors and Mr Yao Cho Fai Andrew, being an INED, resigned from their directorship with effect from 1 June 2009. Mr Yao's membership at the Audit Committee and the Remuneration Committee co-terminated with his directorship at the Company. At the same time, Dr Zhou Yunxia was appointed as a new INED with effect from 1 June 2009. She has also become a member of the Audit Committee and the Remuneration Committee with effect from the date of her directorship at the Company.

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

In accordance with bye-law 113(A) of the bye-laws of the Company, Dr. Huang Zhijian and Dr. Zhang Hongru shall retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

In accordance with bye-law 117 of the bye-laws of the Company, Dr. Zhou Yunxia shall hold office as an INED until the forthcoming Annual General Meeting and being eligible, would offer herself for re-election at the Annual General Meeting.



Report of the Directors

DIRECTORS *(continued)*

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.

Report of the Directors

DIRECTORS' INTEREST IN SHARES

As at 31 March 2009, 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 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 (resigned as Executive Director on 1 June 2009)	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)	20.36%
				29.03%
Lee Woo Sing	the Company	Interest of a controlled corporation (Note 5)	1,000,000 (long position) (Note 5)	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.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, as far as the Directors are aware:

- (a) save as disclosed below, other than a Director or chief executive of the Company, 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:

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of existing shareholding
1. Optimize Capital Investments Limited ("Optimize Capital")	Beneficial owner	14,980,000 (long position) (Note 1)	8.67%
2. Grand Finance Group Company Limited ("GFG")	Registered and beneficial owner	35,180,000 (long position) (Notes 2 to 4)	20.36%
3. Billion Sky Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
4. Jumbo China Holdings Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
5. Win Key Investments Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%



Report of the Directors

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 (resigned as Executive Director on 1 June 2009) is the son of Mr. Lee Woo Sing. Mr. Lee Woo Sing is a non-executive Director while Mr. Lee Tak Lun (resigned as Executive Director on 1 June 2009) 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 (resigned as Executive Director on 1 June 2009) 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 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 2009.

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 under review.

CONNECTED TRANSACTIONS

Investment Management Agreement

On 3 April 2007, the Company entered into an investment management agreement (“Investment Management Agreement”) with Grand Investment (Securities) Limited (“GIS”) pursuant to which GIS was appointed as the Company’s 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.

GIS act as the investment manager of the Company with effect from 1 August 2007.

GIS is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the transactions under the Investment Management Agreement with GIS constitute continuing connected transactions for the Company.

During the year, the aggregate amount of investment management fees paid to GIS under the Investment Management Agreements amounted to HK\$288,000 (2008: HK\$192,000) 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 appointed UBS AG, Limited ("UBS") as its custodian under a custodian agreement ("Custodian Agreement") that took effect from 1 June 2008 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 UBS by giving to the other not less than three months' advance notice in writing.

Pursuant to the Custodian Agreement, a custody fee at the rate of 0.125% per annum of the average month-end balance of the aggregate value of the investments (which was expected to be approximately HK\$20,000,000) deposited by the Company with UBS (subject to revision as notified by the UBS to the Company from time to time with the approval of the Company in accordance with the terms set out in the Custodian Agreement) for the provision of securities is payable by the Company to UBS.

UBS 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 continuing connected transactions for the Company.

During the year, the aggregate amount of custody fee and other charges paid to UBS amounted to HK\$7,368.57 (2008: 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.

In the opinion of the independent non-executive Directors, the transactions contemplated under the aforementioned 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.



Report of the Directors

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 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 8 to 14 of the Corporate Governance Report.

AUDITORS

The auditors, East Asia Sentinel 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, 1 June 2009

Independent Auditors' Report



East Asia Sentinel Limited **衛亞會計師事務所有限公司**

Certified Public Accountants

22th Floor, Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong

Tel : +852 2521 2328

Fax : +852 2525 9890

Email : letters@EastAsiaSentinel.com

www.EastAsiaSentinel.com

TO THE SHAREHOLDERS OF GRAND INVESTMENT INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Grand Investment International Ltd. (the "Company") set out on pages 29 to 69, which comprise the balance sheet as at 31 March 2009, 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 consolidated 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 2009 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

East Asia Sentinel Limited

So Kwok Keung Keith

Director

Practising Certificate No. P1724

Hong Kong

Date: 1 June 2009

Income Statement

(For The Year Ended 31 March 2009)

	NOTE	2009 HK\$'000	2008 HK\$'000
(LOSS)/REVENUE	7	(15,703)	10,593
OTHER REVENUES	7	521	1,108
IMPAIRMENT LOSS OF AVAILABLE-FOR-SALE INVESTMENTS	11	(808)	(774)
ADMINISTRATIVE EXPENSES		(2,831)	(3,431)
(LOSS)/PROFIT BEFORE TAXATION	8	(18,821)	7,496
TAXATION	9(a)	25	(1,403)
(LOSS)/PROFIT FOR THE YEAR		(18,796)	6,093
DIVIDENDS	19	–	3,456
(LOSS)/EARNINGS PER SHARE (CENTS)	20		
Basic:			
For (loss)/profit for the year		(11)	4
Diluted:			
For (loss)/profit for the year		N/A	N/A

The notes on pages 34 to 69 form an integral part of these financial statements.

Balance Sheet

(As at 31 March 2009)

	NOTE	2009 HK\$'000	2008 HK\$'000
NON-CURRENT ASSETS			
Available-for-sale investments	11	35,952	16,945
CURRENT ASSETS			
Investments at fair value through profit or loss	12	8,973	35,404
Tax recoverable		–	1,447
Accounts receivable	13	–	1,869
Other receivable and prepayments		486	294
Cash and cash equivalents	14	8,668	20,367
TOTAL CURRENT ASSETS		18,127	59,381
CURRENT LIABILITIES			
Other payables and accruals		158	3,609
TOTAL CURRENT LIABILITIES		158	3,609
NET CURRENT ASSETS		17,969	55,772
NET ASSETS		53,921	72,717
CAPITAL AND RESERVES			
Share capital	15	17,280	17,280
Reserves		36,641	55,437
SHAREHOLDERS' FUNDS		53,921	72,717
NET ASSET VALUE PER SHARE (CENTS)	18	31	42

Lee Wai Tsang, Rosa
Director

Chung Wing Han, Wendy
Director

The notes on pages 34 to 69 form an integral part of these financial statements.

Statement of Changes In Equity

(For The Year Ended 31 March 2009)

	Share capital HK\$'000	Share premium HK\$'000	(Accumulated losses)/ Retained profit HK\$'000	Total HK\$'000
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)
Issues of interim bonus dividend shares	8,640	(8,640)	–	–
Proposed final dividend	–	–	(3,456)	(3,456)
At 31 March 2008	17,280	37,786	17,651	72,717
YEAR ENDED 31 MARCH 2009				
At 1 April 2008	17,280	37,786	17,651	72,717
Net loss for the year	–	–	(18,796)	(18,796)
At 31 March 2009	17,280	37,786	(1,145)	53,921

The notes on pages 34 to 69 form an integral part of these financial statements.

Cash Flow Statement

(For The Year Ended 31 March 2009)

	2009 HK\$'000	2008 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(18,821)	7,496
Adjustments for:		
Interest received	(86)	(1,108)
Provision for bad and doubtful debt	–	435
Written back on provision for bad and doubtful debt	(435)	–
Unrealised loss of investments at fair value through profit or loss	9,381	2,701
Realised loss/(gain) of investments at fair value through profit or loss	4,812	(10,005)
Impairment loss of available-for-sale investments	808	774
Loss/(gain) on disposal of available-for-sale investments	1,919	(2,603)
Operating cash flow before movement in working capital	(2,422)	(2,310)
(Increase)/decrease in investments at fair value through profit or loss	(266)	4,749
(Increase)/decrease in available-for-sale investments	(9,231)	12,131
Decrease/(increase) in accounts receivable	2,304	(927)
(Increase)/decrease in other receivable and prepayments	(191)	7,813
Increase in other payables and accruals	5	1,476
Cash (used in)/generated from operations	(9,801)	22,932
Income tax refund/(paid)	1,472	(5,323)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(8,329)	17,609
CASH FLOW FROM INVESTING ACTIVITY		
Interest received	86	1,108
NET CASH (USED IN)/FROM INVESTING ACTIVITY	86	1,108
CASH FLOW FROM FINANCING ACTIVITY		
Cash dividends paid	(3,456)	(7,344)
NET CASH USED IN FINANCING ACTIVITY	(3,456)	(7,344)

Cash Flow Statement

(For The Year Ended 31 March 2009)

	2009 HK\$'000	2008 HK\$'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(11,699)	11,373
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	20,367	8,994
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8,668	20,367
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,663	20,367
Short-term deposit with original maturity within three months	3,005	–
	8,668	20,367

The notes on pages 34 to 69 form an integral part of these financial statements.



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

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.

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The principal place of business of the Company is Unit B, 22 Floor, Entertainment Building, 30 Queen's Road, Central, Hong Kong.

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS AND BASIS OF PREPARATION

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 Hong Kong Institute of Certified Public Accountants ("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 ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments which are carried at their fair values.

These financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

3.1 IMPACT OF THE ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Company has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year’s financial statements.

HKAS 39 & HKFRS 7 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and measurement</i> and HKFRS 7 <i>Financial Instruments: Disclosures – Reclassification of Financial Assets</i>
HK(IFRIC)-Int 11	<i>HKFRS 2 – Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The HKAS 39, ‘Financial instruments: Recognition and measurement’, amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, ‘Financial instruments: Disclosures’, introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008.

The Company has adopted this amendment prospectively from 1 July 2008 and further details are disclosed in note 11(b).

Except for the adoption of HKAS 39 & HKFRS 7 Amendments as discussed above, the adoption of these new interpretations has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

3.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> ¹
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i> ¹
HKFRS 3 (Revised)	<i>Business Combinations</i> ²
HKFRS 8	<i>Operating Segments</i> ¹
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> ¹
HKAS 23 (Revised)	<i>Borrowing Costs</i> ¹
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ²
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i> ¹
HKAS 39 Amendment	Amendment to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ²
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i> ³
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i> ¹
HK(IFRIC)-Int 16	<i>Hedges of a New Investment in a Foreign Operation</i> ⁴
HK(IFRIC)-Int 17	<i>Distribution of Non-cash Assets to Owners</i> ²

Apart from the above, the HKICPA has also issued Improvements to HKFRSs* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendments to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

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

² Effective for annual periods beginning on or after 1 July 2009

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

⁴ Effective for annual periods beginning on or after 1 October 2008

* Improvements to HKFRSs contain amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Company's results of operations and financial position.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

4. 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) Financial instruments

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 when necessary.

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. Dividends earned from these investments are reported as dividend income, and are recognised in the income statement in accordance with the policies set out for "Revenue recognition" below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less allowance for impairment unless the effect of discounting would be immaterial, in which case they are stated at cost. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in another category. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses 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. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are recognised in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

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

(a) Financial instruments *(continued)*

Available-for-sale investments (continued)

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.

Financial liabilities at amortised cost

Financial liabilities including other payables and accruals are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Financial liabilities are recognised when the Company becomes a party to the contractual agreement of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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.

Impairment of financial assets

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.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

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

(b) 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.

(c) Impairment of non financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required other than financial assets, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

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

(d) 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 recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(e) 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.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

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

(f) Revenue recognition

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

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.

(g) 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.

(h) 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.

(i) Related parties

A party is considered to be related to the Company if:

- (i) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Company; (ii) has an interest in the Company that gives it significant influence over the Company; or (iii) has joint control over the Company;
- (ii) the party is an associate;
- (iii) the party is a joint-controlled entity;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

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

(i) Related parties *(continued)*

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of the employees of the Company or of any entity that is a related party of the Company.

(j) Reclassification of financial assets

Non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) may be reclassified out of the fair value through profit or loss category in particular circumstances:

(i) financial assets that would have met the definition of loans and receivables at initial recognition (if the financial asset had not been required to be classified as held for trading) may be reclassified out of the fair value through profit or loss category if there is the intention and ability to hold the financial asset for the foreseeable future or until maturity; and

(ii) financial assets (except financial assets that would have met the definition of loans and receivables) may be reclassified out of the fair value through profit or loss category and into another category in rate circumstances.

When a financial asset is reclassified as described in the above circumstances, the financial asset is reclassified at its fair value on the date of reclassification. Any gain or loss already recognised in the income statement is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable.

(k) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

5. CRITICAL JUDGMENT IN APPLYING POLICIES

The preparation of these financial statements in conformity with HKFRS requires management to make estimate and judgments that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

The Company is subject to income taxes in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. In addition, no deferred tax assets is recognised for the available tax losses as, in the opinion of the directors, its is not probable that future taxable profits is available in the foreseeable future. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

(ii) 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 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.

6. SEGMENT REPORTING

No segment information is presented in respect of the Company's business and geographical segments. Throughout the year, the Company has been operating principally in single business and geographical segment.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

7. (LOSS)/REVENUES AND OTHER REVENUES

The Company's revenues recognised during the year are as follows:

	2009 HK\$'000	2008 HK\$'000
(LOSS)/REVENUE		
Net unrealised (loss)/gain on investments at fair value through profit or loss	(9,381)	(2,701)
Net realised (loss)/gain on disposal on investments at fair value through profit or loss	(4,812)	10,005
Net realized (loss)/gain on disposal on available-for-sale investments	(1,919)	2,603
Dividend income from listed securities	409	326
Interest received from notes receivable	–	360
	(15,703)	10,593
OTHER REVENUES		
Bank interest income	85	364
Other interest income	1	744
Written back of provision for bad and doubtful debts	435	–
	521	1,108
TOTAL (LOSS)/REVENUES	(15,182)	11,701

8. (LOSS)/PROFIT BEFORE TAXATION

The (loss)/profit before taxation is arrived at after charging/(crediting):

	2009 HK\$'000	2008 HK\$'000
Auditors' remuneration	112	146
Impairment loss of available-for-sale investments	808	774
Provision for bad and doubtful debts	–	435
Written back of provision for bad and doubtful debts	(435)	–
Investment manager fee	288	292
Operating lease payments	749	442

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

9. TAXATION

(a) Taxation in the income statement represents:

	2009 HK\$'000	2008 HK\$'000
Hong Kong profits tax		
– Provision for the year	–	(1,403)
– Over-provision for prior year	25	–
	25	(1,403)

No provision for Hong Kong profits tax has been made for the year as the Company incurred a loss for the year (2008: HK\$1,403,000).

(b) The Company did not have any material unprovided deferred taxation as at year end.

(c) Reconciliation between tax expenses and accounting (loss)/profit is as follows:

	2009 HK\$'000	2008 HK\$'000
(Loss)/Profit before taxation	(18,821)	7,496
Notional tax on (loss)/profit before taxation	(3,105)	1,312
Over-provision for prior year	(25)	–
Tax loss not recognized	3,258	–
Tax effect of non-deductible expenses	–	211
Tax effect of non-taxable income	(153)	(120)
Total income tax (credit)/expenses	(25)	1,403

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

10. DIRECTORS' EMOLUMENTS

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

	2009 HK\$'000	2008 HK\$'000
Fees to independent non-executive directors	75	60
Other emoluments to executive directors		
– Salaries and benefits in kind	640	680
– Retirement benefit scheme contributions	20	23
	735	763

The five highest paid individuals in the Company for the year under review are Ms Lee Wai Tsang, Rosa, Dr. Huang Zhijian, Mr. Lu Fan, Mr. Yao Cho Fai, Andrew and Mr. Zhang Hongru, all being Directors, whose emolument information is shown below.

The emoluments of each director, on a named basis, for the year ended 31 March 2009 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>				
Mr Lee Tak Lun	–	20	1	21
Ms Lee Wai Tsang, Rosa	–	480	12	492
Ms Chung Wing Han, Wendy	–	20	1	21
Dr Huang Zhijian	–	120	6	126
<i>Independent Non-executive Directors</i>				
Mr Lu Fan	25	–	–	25
Mr Yao Cho Fai Andrew	25	–	–	25
Dr Zhang Hongru	25	–	–	25
	75	640	20	735

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

10. 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>				
Mr Lee Tak Lun	–	20	1	21
Ms Lee Wai Tsang, Rosa	–	480	12	492
Ms Chung Wing Han, Wendy	–	20	1	21
Dr Huang Zhijian	–	120	6	126
Mr Chou Ping Chun, Benji (resigned on 1 June 2007)	–	40	3	43
<i>Independent Non-executive Directors</i>				
Mr Lu Fan	20	–	–	20
Mr Yao Cho Fai Andrew	20	–	–	20
Dr Zhang Hongru	20	–	–	20
	60	680	23	763

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 The Financial Statements

(For The Year Ended 31 March 2009)

11. AVAILABLE-FOR-SALE INVESTMENTS

	2009 HK\$'000	2008 HK\$'000
Investment securities, at cost:		
Equity securities, unlisted shares (note (a))	17,236	12,259
Less: impairment loss	–	(774)
	17,236	11,485
Investment in limited partnerships, at cost (note (b))	19,524	5,460
Less: impairment loss	(808)	–
	18,716	5,460
Total	35,952	16,945

(a) Equity securities

The equity securities represent investments 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 change in the fair value of these available-for-sale investments from the dates of their acquisition to 31 March 2009. 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 2009.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

11. AVAILABLE-FOR-SALE INVESTMENTS (continued)

(a) Equity securities (continued)

Particulars of the equity securities as at year ended are as follows:-

Name of issuer	Nature of Business	No of share held	Interest held (%)	2009 Cost less impairment HK\$'000	2008 Cost less impairment HK\$'000
Tianjin Yishang Friendship Holding Company Limited	Operation of department stores and home retail shops	8,712,000 (2008: 8,712,000)	3.9 (2008: 3.9%)	9,434	9,434
浙江凌日復合材料有限公司 (note (i))	Designing, developing and manufacturing a premium and environmental friendly metal	- (2008: 3,000,000)	- (2008: 29.5%)	-	2,051
Lot Software Systems International Limited	Provision of services on application software project developer and product research	1,409 (2008: Nil)	8.8 (2008: Nil)	7,802	-
				17,236	11,485

Note:

- (i) On 16 October 2008, the Company disposed of its entire equity interests in 浙江凌日復合材料有限公司 to an independent third party at a consideration of HK\$ 131,780.



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

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

(a) Equity securities *(continued)*

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.

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 working and framework.

(b) Investment in limited partnerships

There is no active market for the investments as the interest in the limited partnerships is 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 limited partnership, of its future growth potential, and the prospective growth of the value of the investment in the limited partnership. 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 2009.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

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

(b) Investment in a limited partnerships *(continued)*

Particulars of the equity securities are as follows:–

Name of limited partnerships	Nature of Business	Percentage of interest held (%)	2009 Cost less impairment HK\$'000	2008 Cost less impairment HK\$'000
CMHJ Technology Fund II, L.P. ("CMHJ")	Investing in equity securities of privately held companies in the technologies enabled services and products industries	2.8	7,020	5,460
LCF Macau Co-Investors., L.P. ("LCF") <i>(note (i))</i>	Investing in real estate in Macau	1.9	11,696	–
			18,716	5,460

Note:

- (i) During the year, the Company reclassified the equity investment in LCF Macau Co-Investors, L.P. that are no longer held for the purpose of selling in the near term out of investments at fair value through profit or loss category into available-for-sale investments category. The historical cost and the fair value of this equity investment at the date of reclassification amounted to HK\$7,814,000 and HK\$12,505,000 respectively. The Company believes that the deterioration of the financial markets that occurred during the third quarter of 2008 represents a rare circumstance that allows such a reclassification. During the year ended 31 March 2009, the Company recognised fair value loss of HK\$ 2,531,000 before the reclassification of this investment (2008: Gain of HK\$ 7,222,000).

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

11. AVAILABLE-FOR-SALE INVESTMENTS (continued)

- (b) Investment in a limited partnership (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 of the Cayman Islands on 28 September 2005 as an exempted limited partnership. The principal activity of CMHJ is 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-enabled services and products industries with substantial markets and/or operations in Mainland China.

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 estates in Macau and to realize capital appreciation form the sales of the properties.

12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009 HK\$'000	2008 HK\$'000
Investment in limited partnership (note (a))	–	15,036
Equity securities listed in Hong Kong, at fair value (note (b))	8,973	20,368
	8,973	35,404

- (a) During the year, the Company reclassified the equity investment in LCF Macau Co-Investors, L.P. that are no longer held for the purpose of selling in the near term out of investments at fair value through profit or loss category into available-for-sale investments category. Further details of the reclassification are set out in note 11(b).

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

- (b) Equity securities listed in Hong Kong, at fair value
Particulars of the equity securities are as follows:–

At 31 March 2009

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	1,014	Less than 0.1%	128	43	(85)
China Merchants China Direct Investments Ltd	Hong Kong	150,000	Less than 0.1%	4,335	1,365	(2,970)
China Everbright Ltd	Hong Kong	150,000	Less than 0.1%	1,720	1,806	86
Datang International Power Generation Co Ltd	The People's Republic of China	102,000	Less than 0.1%	421	348	(73)
CITIC Bank	The People's Republic of China	400,000	Less than 0.1%	1,644	1,172	(472)
China Medical and Bio Science Ltd	Cayman Islands	1,500,000	Less than 0.1%	192	–	(192)
A50 China Tracker	Hong Kong	300,000	Less than 0.1%	5,152	3,180	(1,972)
Qin Jia Yuan Media Services Co Ltd	Cayman Islands	433,400	Less than 0.1%	1,713	529	(1,184)
HSBC Hold RTS	Hong Kong	423	Less than 0.1%	–	6	6
Sinopec Corp	The People's Republic of China	50,000	Less than 0.1%	226	248	22
Zijin Mining Ltd	The People's Republic of China	70,000	Less than 0.1%	291	276	(15)
				15,822	8,973	(6,849)

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

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 Islands	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	(9,925)

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR 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 2008 was approximately US\$6,498,000,000. As at 31 December 2008, the net asset value of HSBC was approximately US\$100,229,000,000.

During the year, the Company received total dividend equivalents to HK\$7,023 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 loss attributable to shareholders of China Merchant for the year ended 31 December 2008 was approximately US\$620,279,000. As at 31 December 2008, the net asset value of China Merchant was approximately US\$334,408,000.

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 2008 was approximately HK\$974,597,000. As at 31 December 2008, the net asset value of China EB was approximately HK\$13,499,888,000.

During the year, the Company receive cash dividend of HK\$8,896 from China EB.



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

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

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

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

The profit attributable to shareholders of Datang for the year ended 31 December 2008 was approximately RMB\$540,374,000. As at 31 December 2008, the net asset value of Datang was approximately RMB\$30,644,467,000.

During the year, the Company received cash dividend of HK\$67,107 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 2008 was approximately RMB\$13,354,000,000. As at 31 December 2008, the net asset value of Citic bank was approximately RMB\$95,661,000,000.

During the year, the Company receive cash dividend of HK\$60,102 from Citic Bank.

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 2008. China Medial was under the process of liquidation and no further information up to the date of this audit report.

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

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

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

A50 China Tracker ("A50 China")

A50 China is primarily engaged in making venture capital investments, principally by investing in access products linked to Chinese A-shares.

The loss attributable to unitholders of A50 China for the year ended 31 December 2008 was approximately HK\$22,303,365,621. As at 31 December 2008, the net asset value of A50 China was approximately HK\$29,251,400,853.

During the year, the Company received cash dividend of HK\$55,426 from A50 China.

Qin Jia Yuan Media Services Company Ltd. ("QJY")

QJY is primarily engaged in the provision of media services including TV program related services and marketing and advertising related services in the PRC, and other public relations services.

The profit attributable to shareholders of QJY for the year ended 30 September 2008 was approximately HK\$217,463,000. As at 30 September 2008, the net asset value of QJY was approximately HK\$1,242,105,000.

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

China Petroleum & Chemical Corporation ("Sinopec")

Sinopec is primarily engaged in oil and gas and chemical operations in the People's Republic of China.

The profit attributable to shareholders of Sinopec for the year ended 31 December 2008 was approximately RMB29,769,000,000. As at 31 December 2008, the net asset value of Sinopec was approximate RMB 349,322,000,000.

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

Zijin Mining Group Co., Ltd ("Zijin Mining")

Zijin Mining is primarily engaged in the gold, copper and zinc mining business and geological studies.

The profit attributable to shareholders of Zijin Mining for the year ended 31 December 2008 was approximately RMB3,894,026,000. As at 31 December 2008, the net asset value of Zijin Mining was approximately RMB19,179,125,000.

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

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

13. ACCOUNTS RECEIVABLE

	2009	2008
	HK\$'000	HK\$'000
Accounts receivable	–	2,304
Less: Provision for bad and doubtful debts	–	(435)
	–	1,869

An aging analysis of the accounts receivable as at 31 March 2009 and 2008 are as below:

	2009	2008
	HK\$'000	HK\$'000
Within 1 month	–	1,869
1 to 3 months	–	–
Over 3 months	–	–
	–	1,869

The amount represents receivable from the listed shares dealing through the securities account maintained with the investment coverage, 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.

The movements in provision for impairment of trade receivables are as follows:

	2009	2008
	HK\$'000	HK\$'000
At 1 January	435	–
Provision provide for the year	–	435
Written-back during the year	(435)	–
At 31 December	–	435

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

14. CASH AND CASH EQUIVALENTS

	2009 HK\$'000	2008 HK\$'000
Cash at financial institution and on hand	5,663	20,367
Short-term deposit with original maturities within three months	3,005	–
	8,668	20,367

The effective interest rate of the short-term deposits of the Company with original maturities within three months at 31 March 2009 was 0.15% per annum.

15. SHARE CAPITAL

	2009 HK\$'000	2008 HK\$'000
Authorised: 1,000,000,000 ordinary shares of HK\$0.10 each	100,000	100,000
Issue and fully paid: 172,800,000 ordinary shares of HK\$0.10 each	17,280	17,280

16. CAPITAL MANAGEMENT

The Company's primary objective when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company actively reviews and manages its capital structure in the light of changes in economic conditions so as to maintain a sound capital position. Total capital is defined as shareholders' funds in the balance sheet.

The Company is not subject to internally or externally imposed capital requirements.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

17. COMMITMENTS

(a) Operating lease commitments

At 31 March 2009, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 HK\$'000	2008 HK\$'000
Not later than one year	1,073	227
In second to fifth year inclusive	577	–
	1,650	227

(b) Capital commitments

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

	2009 HK\$'000	2008 HK\$'000
Contracted but not provided for Capital contribution to a limited partnership	8,580	10,140

18. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$53,921,000 at 31 March 2009 (2008: HK\$72,717,000) and the 172,800,000 ordinary shares in issue as at 31 March 2009 (2008: 172,800,000 ordinary shares).

19. DIVIDENDS

	2009 HK\$'000	2008 HK\$'000
Proposed final cash dividend Nil (2008: HK\$0.02 per shares on 172,800,000 shares)	–	3,456
	–	3,456

The Directors propose to preserve cash for investment activities and do not recommend any dividend for the year ended 31 March 2009 (2008: HK\$0.02 per share).

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

20. (LOSS)/EARNINGS PER SHARE

The calculation of loss per share is based on the net loss attributable to the shareholders for the year ended 31 March 2009 in the amount of HK\$18,796,000 (2008: a net profit of HK\$6,093,000) and the weighted average of 172,800,000 ordinary shares in issue during the year ended 31 March 2009 (2008: weighted average of 142,583,607 ordinary share in issue). The Company has no potential dilutive ordinary shares that were outstanding during the year.

21. RELATED PARTY TRANSACTIONS

During the year, saved for those parties referred to the connected transactions in the report of the Directors, the Company traded listed securities ("Transactions") 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.

Details of related parties transaction as below:

	2009 HK\$'000	2008 HK\$'000
Investment manager fee paid to a related company	288	192

GIS is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the Transactions also constitute continuing connected transactions for the Company. During the year, the aggregate monetary amount transacted under the Transactions did not exceed the de-minimis threshold under Rule 14A.33(3) of the Listing Rules. So, the Transactions were exempted from the disclosure and the shareholders' approval requirements under Chapter 14A of the Listing Rules.

22. SHARE OPTION SCHEME

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, if any.

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 percent of the share capital of the Company in issue from time to time.



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

22. SHARE OPTION SCHEME *(continued)*

- (i) Maximum number of the shares *(continued)*
- (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 percent 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 percent 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.
 - (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 percent 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.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

22. SHARE OPTION SCHEME *(continued)*

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

(d) *(continued)*

(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 (a) 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; (b) 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 (c) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(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 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.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

22. SHARE OPTION SCHEME (continued)

(i) Maximum number of the shares (continued)

(d) (continued)

(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.

23. FINANCIAL INSTRUMENT BY CATEGORY

Financial assets as at 31 March 2009

	Financial assets at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted equity investments	–	–	35,952	35,952
Listed equity investments	8,973	–	–	8,973
Financial assets included in other receivables and prepayments	–	486	–	486
Cash and cash equivalents	–	8,668	–	8,668
	8,973	9,154	35,952	54,079

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

23. FINANCIAL INSTRUMENT BY CATEGORY (continued)

Financial assets as at 31 March 2008

	Financial assets at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted equity investments	15,036	–	16,945	31,981
Listed equity investments	20,368	–	–	20,368
Accounts receivable	–	1,869	–	1,869
Financial assets included in other receivables and prepayments	–	294	–	294
Cash and cash equivalents	–	20,367	–	20,367
	35,404	22,530	16,945	74,879

Financial liabilities as at 31 March 2009

	Financial liabilities at amortised cost
	HK\$'000
Financial liabilities included in other payables and accruals	158

Financial liabilities as at 31 March 2008

	Financial liabilities at amortised cost
	HK\$'000
Financial liabilities included in other payables and accruals	3,609



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

24. FINANCIAL RISK MANAGEMENT

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 analyze 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

The credit risk of the Company's other financial assets, which comprise cash and cash equivalents, available-for-sale financial asset and financial asset at fair value through profit or loss arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The credit risk on investments in listed securities is limited because the counterparty is a well-established securities broker firm in Hong Kong.

The Company has no significant concentration of credit risk.

In order to minimize the credit risk, the management of the Company reviews the recoverable amount of each individual debt investments at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors of the Company consider that the Company's credit risk is significantly reduced.

(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.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

24. FINANCIAL RISK MANAGEMENT (continued)

(ii) Liquidity risks (continued)

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

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year
	HK\$'000	HK\$'000	HK\$'000
At 31 March 2009			
Other payables and accruals	158	158	158
At 31 March 2008			
Other payables and accruals	3,609	3,609	3,609

(iii) Foreign exchange risks

The Company exposure to foreign exchange risk primarily arises from the holding 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 assets 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 arises.

Notes To The Financial Statements

(For The Year Ended 31 March 2009)

24. FINANCIAL RISK MANAGEMENT (continued)

(iii) Foreign exchange risks (continued)

At balance sheet date, the Company's exposure to currency risks 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:

	In USD	In RMB
At 31 March 2009	HK\$'000	HK\$'000
Available for sale financial assets		
– Unlisted securities	–	9,434
– Investment in limited partnerships	26,518	–
Cash and bank balances	482	–
	27,000	9,434

	In USD	In RMB
At 31 March 2008	HK\$'000	HK\$'000
Investment at fair value thru profit or 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 balances	7,592	–
	28,088	11,485



Notes To The Financial Statements

(For The Year Ended 31 March 2009)

24. FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Equity price risks

All of the Company's unquoted investments are held for long-term strategic purposes. Their performances and value assessed at least annually based on the information available to the Company, together with an assessment of their relevance to the Company's long-term strategic plans.

The Company's financial assets at fair value through profit or loss are measured at fair value at each balance sheet date. Therefore, the Company is exposed to equity security price risk.

At 31 December 2008, if the fair value at that date had been increased/decrease by 5% which all other variables held constant, post-tax loss for the year would have been HK\$375,000 lower/higher as a result of higher fair value gain/loss of the financial assets (2008: HK\$840,000 lower/higher).

The directors manage this exposure by maintaining a portfolio of investments with difference risk profiles. In the opinion of the Company's management, the equity price risk to the Company is not material.

(v) Interest rate risks

Apart from the bank balances and short-term bank deposits, the Company has no significant interest-bearing assets and liabilities. The interest income derived from bank balances and short-term bank deposits are relatively insignificant to the Company's operations. Therefore, the Company's income and operating cash flows are substantially independent of changes in market interest rates. Accordingly, the directors are of the opinion that the Company does not have significant cash flow and fair value interest risk and no sensitivity analysis is performed.

(vi) Fair value

The carrying amount of the financial assets and financial liabilities as reflected in the balance sheet approximate their respective fair values.

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of Directors on 1 June 2009.

Financial Summary

(For The Year Ended 31 March 2009)

	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000
RESULTS					
(Loss)/revenue	(15,703)	10,593	21,740	6,086	5,447
(Loss)/profit before taxation	(18,821)	7,496	17,781	4,178	3,386
Taxation	25	(1,403)	(2,850)	(503)	(496)
(Loss)/profit attributable to shareholders	(18,796)	6,093	14,931	3,675	2,890
ASSETS AND LIABILITIES					
Total assets	54,079	76,326	78,573	59,546	58,598
Total liabilities	(158)	(3,609)	(4,605)	(509)	(716)
Shareholders' funds	53,921	72,717	73,968	59,037	57,882
NET ASSET VALUE PER SHARE (HK\$)	HK\$0.31	HK\$0.42	HK\$0.86	HK\$0.98	HK\$0.96