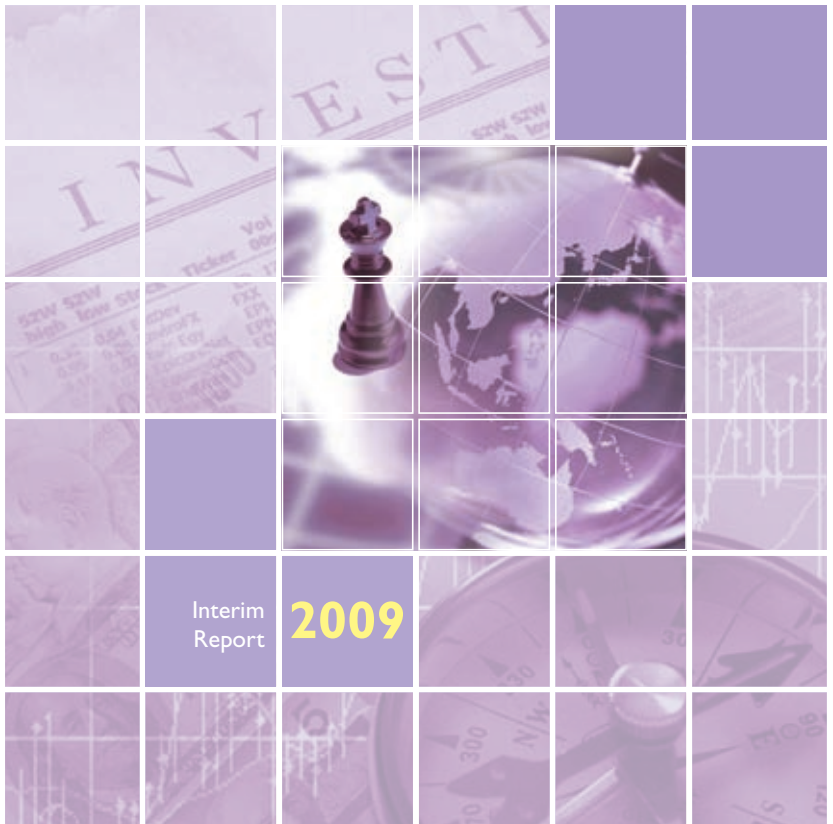




大唐投資國際有限公司*
GRAND INVESTMENT INTERNATIONAL LTD.
(incorporated in Bermuda with limited liability)
Stock Code: 1160

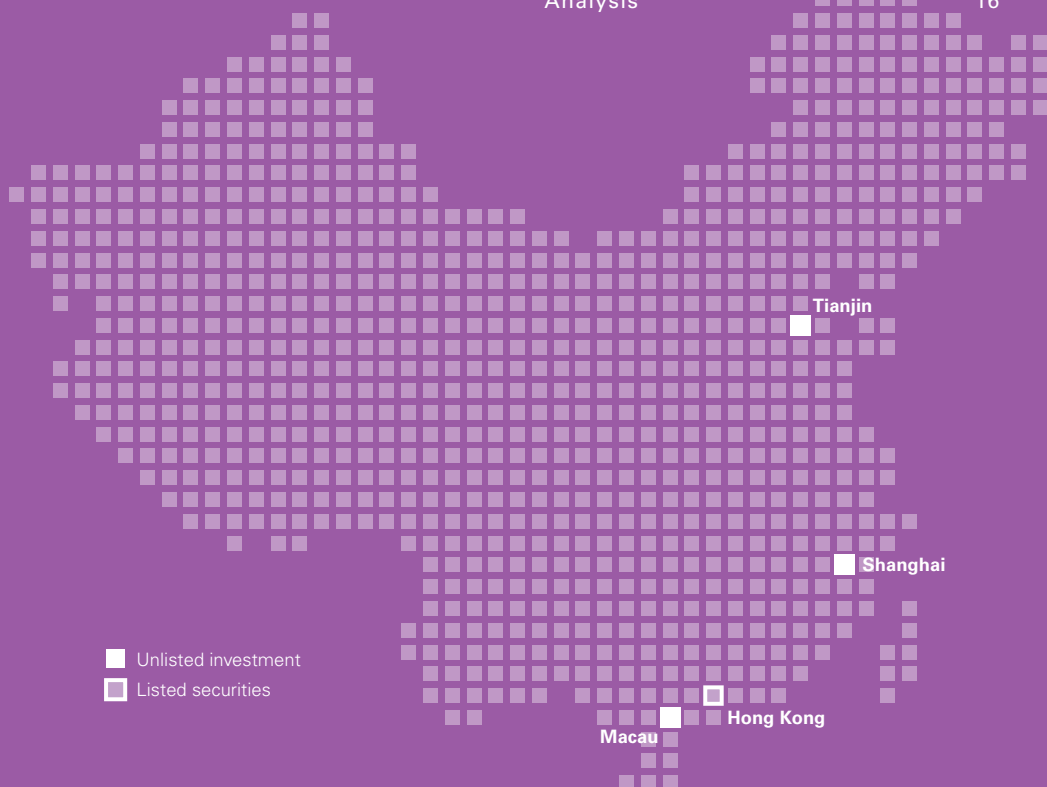


Interim Report **2009**

■ Positioned for Growth

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Huang Zhijian
Ms. Lee Wai Tsang Rosa

Non-Executive Director

Mr. Lee Woo Sing (*Chairman*)

Independent Non-Executive Directors

Mr. Lu Fan
Dr. Zhang Hongru
Dr. Zhou Yunxia
(appointed on 1 June 2009)

COMPANY SECRETARY

Ms. Chung Wing Han Wendy

AUDIT COMMITTEE

Mr. Lu Fan
Dr. Zhang Hongru
Dr. Zhou Yunxia
(appointed on 1 June 2009)

INVESTMENT MANAGER

Grand Investment (Securities) Limited
22 Floor, Entertainment Building
30 Queen's Road Central
Hong Kong
(*Note*)

CUSTODIAN

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

AUDITORS

East Asia Sentinel Limited
22 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, 22 Floor, Entertainment Building
30 Queen's Road Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong law

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

As to Bermuda law

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

Note: AVANTA Investment Management Limited was appointed as the interim investment manager of the Company as from 30 October 2009 as announced by the Company in the announcement dated 3 November 2009.



Unaudited Interim Financial Statements

RESULTS

The board (the “Board”) of directors (the “Directors”) of Grand Investment International Ltd. (the “Company”) is pleased to announce that the unaudited condensed results of the Company for the period from 1 April 2009 to 30 September 2009 (the “Period”). These interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee.

On behalf of the Board

Grand Investment International Ltd.

Lee Wai Tsang, Rosa

Executive Director

Condensed Income Statement

(For the six months ended 30 September 2009)

	NOTE	For the six months ended	
		30 September 2009 HK\$'000 (Unaudited)	30 September 2008 HK\$'000 (Unaudited)
REVENUES	3	5,013	(9,074)
OTHER REVENUES		1	65
ADMINISTRATIVE EXPENSES		(1,547)	(1,305)
PROFIT/(LOSS) BEFORE TAXATION	5	3,467	(10,314)
TAXATION	6	1,104	–
PROFIT/(LOSS) FOR THE PERIOD		4,571	(10,314)
ATTRIBUTABLE TO:			
Owners of the Company		4,571	(10,314)
INTERIM DIVIDEND	7	–	–
EARNINGS/(LOSS) PER SHARE (Cents)			
– Basic	8	2.65	(5.97)
– Diluted	8	N/A	N/A

The notes on pages 9 to 15 form part of these condensed interim financial statements.

Condensed Statement of Comprehensive Income

(For the six months ended 30 September 2009)

	NOTE	For the six months ended	
		30 September 2009 HK\$'000 (Unaudited)	30 September 2008 HK\$'000 (Unaudited)
PROFIT/(LOSS) FOR THE PERIOD		4,571	(10,314)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		4,571	(10,314)
TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO:			
Owners of the Company		4,571	(10,314)

The notes on pages 9 to 15 form part of these condensed interim financial statements.

Condensed Statement of Financial Position

(As at 30 September 2009)

		30 September 2009	31 March 2009
	<i>NOTE</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT ASSETS			
Available-for-sale investments		39,844	35,952
CURRENT ASSETS			
Investments at fair value through profit or loss		17,507	8,973
Account receivables	9	555	–
Other receivable and prepayments		415	486
Cash and cash equivalents		552	8,668
TOTAL CURRENT ASSETS		19,029	18,127
CURRENT LIABILITIES			
Provision for taxation	6	274	–
Other payable and accruals		107	158
TOTAL CURRENT LIABILITIES		381	158
NET CURRENT ASSETS		18,648	17,969
NET ASSETS		58,492	53,921
CAPITAL AND RESERVES			
Share capital	10	17,280	17,280
Reserves		41,212	36,641
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		58,492	53,921
NET ASSET VALUE PER SHARE (Cents)		34	31

The notes on pages 9 to 15 form part of these condensed interim financial statements.

Condensed Statement of Changes in Equity

(For the six months 30 September 2009)

	Share capital	Share premium	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2008 (Audited)	17,280	37,786	17,651	72,717
Loss for the period	–	–	(10,314)	(10,314)
Balance at 30 September 2008 (Unaudited)	17,280	37,786	7,337	62,403
Balance at 1 April 2009 (Audited)	17,280	37,786	(1,145)	53,921
Profit for the period	–	–	4,571	4,571
Balance at 30 September 2009 (Unaudited)	17,280	37,786	3,426	58,492

The notes on pages 9 to 15 form part of these condensed interim financial statements.

Condensed Statement of Cash Flow

(For the six months ended 30 September 2009)

	For the six months ended	
	30 September 2009 HK\$'000 (Unaudited)	30 September 2008 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(14,696)	(5,597)
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(14,696)	(5,597)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	15,248	20,845
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	552	15,248
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balance	552	15,248

The notes on pages 9 to 15 form part of these condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

(For the six months ended 30 September 2009)

1. BASIS OF PREPARATION

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

The condensed financial statements should be read in conjunction with the Annual Report of the Company for the year ended 31 March 2009.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 March 2009.

In the current interim period, the Company has applied for the first time, a number of new and revised standards, amendments and interpretations (“New or revised HKFRSs”) issued by HKICPA which are effective for the Groups financial year beginning on 1 January 2009.

Significant accounting policies newly adopted by the Company

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. However, HKAS1 (Revised 2007) has had no impact on the reported results of financial position of the Company.

Notes to the Unaudited Condensed Interim Financial Statements

(For the six months ended 30 September 2009)

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has not resulted in a redesignation of the Company's reportable segments. Therefore it has had no impact on the reported results of financial position of the Company.

Impact of new and revised HKFRSs

Except for discussed above, the adoption of the other new and revised HKFRSs that are effective for the current period has had no material effect on the reported results and financial position of the Company for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

Impact of issued but not yet effective HKFRSs

The Company has not early adopted new or revised standards, amendments or interpretations that have been issued but are not yet effective. The management is assessing the impact on the results and the financial position of the Company upon application of these standards, amendments or interpretations.

Notes to the Unaudited Condensed Interim Financial Statements

(For the six months ended 30 September 2009)

3. REVENUES

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

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

	For the six months ended	
	30 September 2009 HK\$'000 (Unaudited)	30 September 2008 HK\$'000 (Unaudited)
Net realised gain on disposal of investments at fair value through profit or loss	668	1,059
Net unrealized holding gain/(loss) on investments at fair value through profit or loss	4,250	(10,917)
Dividend income from listed securities	95	784
	5,013	(9,074)

4. SEGMENT INFORMATION

No business or geographical analysis of the Company's performance for the Period is specifically provided as all of the revenues and contributions to operating results of the Company are attributable to investments in listed securities in Hong Kong, private equities of private companies in the People's Republic of China and limited partnerships in the Cayman Islands and the British Virgin Islands.

Notes to the Unaudited Condensed Interim Financial Statements

(For the six months ended 30 September 2009)

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting) the following:

	For the six months ended	
	30 September 2009 HK\$'000 (Unaudited)	30 September 2008 HK\$'000 (Unaudited)
Interest income	(1)	(65)
Exchange gain, net	(16)	–
Provision for auditors' remuneration	54	54
Directors' remuneration	300	300
Mandatory provident fund	9	9
Investment manager fee	144	144
Operating lease payments	552	224

6. TAXATION

	For the six months ended	
	30 September 2009 HK\$'000 (Unaudited)	30 September 2008 HK\$'000 (Unaudited)
Hong Kong Profits Tax:		
– Provided for the period	274	–
– Over-provision for prior period	(1,378)	–
Taxation (credit)	(1,104)	–

Notes to the Unaudited Condensed Interim Financial Statements

(For the six months ended 30 September 2009)

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimate average annual tax rate used is 16.5% for the Period.

7. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period ended 30 September 2009 (period ended 30 September 2008: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of earnings/(loss) per ordinary share is based on the unaudited profit of HK\$4,571,000 for the Period (period ended 30 September 2008: loss of HK\$10,314,000) attributable to shareholders and the weighted average of 172,800,000 ordinary shares (period ended 30 September 2008: 172,800,000 ordinary shares) in issue during the Period.

The Company has no potential dilutive ordinary shares that were outstanding during the two periods ended 30 September 2009 and 30 September 2008; therefore, no diluted earnings/(loss) per share has been presented.

9. ACCOUNTS RECEIVABLE

An aging analysis of the accounts receivable as at 30 September 2009 is as below:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Within 1 month	555	–

Notes to the Unaudited Condensed Interim Financial Statements

(For the six months ended 30 September 2009)

10. SHARE CAPITAL

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Authorised:		
1,000,000,000 ordinary shares of HK\$0.1 each	100,000	100,000
Issued and fully paid:		
172,800,000 ordinary shares of HK\$0.1 each	17,280	17,280

11. RELATED PARTY TRANSACTIONS

During the Period, the Company traded the listed securities through a securities account maintained with a related company, Grand Investment (Securities) Limited in which the non-executive Director, Mr. Lee Woo Sing, has beneficial interest. The Company also appointed, Grand Investment (Securities) Limited as Investment Manager, in which Mr. Lee Woo Sing, has beneficial interest.

During the six months ended 30 September 2009, in accordance with the Investment Management Agreement in force during the Period, management fees paid to the Investment Manager of the Company totaled HK\$144,000 (period ended 30 September 2008: HK\$144,000), which is calculated based on a fixed fee.

Notes to the Unaudited Condensed Interim Financial Statements

(For the six months ended 30 September 2009)

12. COMMITMENTS

(a) Operating lease commitments

At 30 September 2009, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Not later than one year	1,073	1,073
In second to fifth year inclusive	45	577
	1,118	1,650

(b) Capital commitments

At 30 September 2009, the Company had capital commitments as follows:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Contracted but not provided for Capital contribution to a limited partnership	6,240	8,580

13. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

This interim financial statements were approved by the Board on 27 November 2009.



Management Discussion and Analysis

INTERIM RESULTS

During the Period, the Company recorded a revenue of HK\$5,013,000 (period ended 30 September 2008: loss of HK\$9,074,000) and a net profit attributable to shareholders of HK\$4,571,000 (period ended 30 September 2008: loss of HK\$10,314,000).

The net asset value per ordinary share of HK\$0.10 of the Company was HK\$0.34 as at 30 September 2009 (31 March 2009: HK\$0.31).

BUSINESS OVERVIEW AND PROSPECTS

During the Period, the Company experienced a sharp recovery on its equities portfolio while the direct investments have more or less maintained their value. Resulting from government stimulus package, the overall market sentiment has improved, but there will be struggles ahead. Though there has been increased optimism on profit margin expansion, these positive earnings may not be contributing to the top-line revenue growth but rather trimming of expense and overhead. While global economy is looking to China for its economic decoupling, the global financial markets will be more correlated. We expect the prospect of the coming market to be a slow growth period. Given the weakening of US dollar and constant threat of inflation, certain classes of asset such as commodities, crude oil, gold and foreign currencies will experience trade momentum. We will continue our monitoring and reviewing on the portfolio and make the best effort to maximize return for our shareholders.

Direct Investments

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

Tianjin Yishang is a sino-foreign enterprise incorporated in the People’s Republic of China (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. Tianjin Yishang and its subsidiaries and branches are principally engaged in the operation of department stores and home appliance retail shops in the PRC.



Management Discussion and Analysis

LCF Macau Co-investors, LP (the “LCF”)

LCF is a limited partnership organized pursuant to the provisions of the Partnership Act 1996 of the British Virgin Islands (the “BVI”). LCF primarily invests in real estate in Macau and realizes capital appreciation from the sale of its investments in properties.

CMHJ Technology Fund II, L.P (“CMHJ”)

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

Lot Software Systems International Limited (“Lot”)

Lot is a limited liability company incorporated under the laws of the BVI. 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 and has capability and experience in system workflow and framework as well.

Joyport Holdings Limited (“Joyport”)

Joyport is a limited liability company registered under the laws of the BVI. It is engaged in the business of online game development, distribution and operation, and other related business directly or indirectly through its subsidiaries, affiliates and associated companies in the PRC. It focuses on the Massive Multiplayer Online Role-Playing Games (“MMORPG”), which can support more than 10,000 concurrent players.



Management Discussion and Analysis

INVESTMENT IN SECURITIES

The Company takes a conservative approach with the portfolio and monitors the risk exposure we have in the market. We have maintained equities positions, some of which accumulated throughout the past few years. Moreover, we regularly and actively rebalance our portfolio as necessary, while selectively choose those stocks with the most balanced risk and return potential.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Company was in a sound liquidity position. It had an available fund of HK\$552,000 (31 March 2009: HK\$8,668,000) which was placed in Hong Kong Dollars short terms deposits with its bank. There was no borrowing or funding requirements by the Company for investment and capital expenditures. The Board believes that the Company has sufficient financial resources to meet its investment or working capital requirements.

As at 30 September 2009, the Company had net assets of HK\$58,492,000 (31 March 2009: HK\$53,921,000) with no long term liabilities. The gearing ratio calculated on the basis of total liabilities over shareholder's fund as at 30 September 2009 was 0.65% (31 March 2009: 0.25%).

CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2009, there were no charges on the Company's assets or any significant contingent liabilities (31 March 2009: Nil).

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

CAPITAL EXPENDITURES AND COMMITMENTS

During the period, the Company's capital expenditures primarily include purchase of available-for-sale investments.



Management Discussion and Analysis

CAPITAL STRUCTURE

As at 30 September 2009, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period ended 30 September 2009 (30 September 2008: Nil).

PURCHASE AND REDEMPTION

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2009, the Company had 6 (2008: 8) employees, including the executive, non-executive and independent non-executive Directors.

Total staff cost for the Period amounted to HK\$309,000 (period ended 30 September 2008: HK\$309,000). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of the individual employees.

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

FOREIGN CURRENCY EXPOSURE

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



Management Discussion and Analysis

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 September 2009, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Name of Company/ associated corporation	Capacity	Number of shares	Approximate percentage of existing shareholding
Lee Woo Sing	the Company	interest of a controlled Corporation <i>(Note 5 on page 23)</i>	1,000,000 (long position) <i>(Note 5 on page 23)</i>	0.58%

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

DIRECTOR'S INTEREST IN CONTRACTS

No contract of significance to which the Company was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at 30 September 2009 or at any time during the six months ended 30 September 2009.



Management Discussion and Analysis

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

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

SHARE OPTIONS

The Company has a share option scheme under which the Directors and certain selected classes of participants may at the discretion of the Directors, be granted options to subscribe for ordinary shares of the Company, subject to the stipulated terms and conditions. No options were granted under the share option scheme during the Period (period ended 30 September 2008: Nil)

Save as disclosed above, none of the Directors or chief executives of the Company, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the six month ended 30 September 2009 (period ended 30 September 2008: Nil).

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2009, as far as the Directors are aware:

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

Management Discussion and Analysis

	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.	Lee Tak Lun	Interest of a controlled corporation	14,980,000 (long position) (Note 1)	8.67%
		Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
3.	Grand Finance Group Company Limited ("GFG")	Beneficial owner	35,180,000 (long position) (Notes 2 to 4)	20.36%
4.	Billion Sky Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
5.	Jumbo China Holdings Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
6.	Win Key Investments Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%

Notes:

- Optimize Capital is a company incorporated in the British Virgin Islands, and is owned as to 90% by Mr. Lee Tak Lun and 10% by his daughter, Ms. Lee Wai Tsang Rosa. Mr. Lee Tak Lun is the son of Mr. Lee Woo Sing. Mr. Lee Woo Sing is a non-executive Director while Ms. Lee Wai Tsang Rosa was an executive Director. Mr. Lee Tak Lun is taken to be interested in these shares under Part XV of the SFO.
- GFG is a company incorporated in Hong Kong, the entire issued capital of which is beneficially owned as to 58% by Jumbo China Holdings Limited, 28% by Bright Pearl Limited and 14% by Win Key Investments Limited. Jumbo China Holdings Limited, Bright Pearl Limited and Win Key Investments Limited are taken to be interested in these shares under Part XV of the SFO.



Management Discussion and Analysis

3. The entire issued share capital of Jumbo China Holdings Limited is beneficially owned as to 79.31% by Billion Sky Limited. Billion Sky Limited is taken to be interested in these shares under Part XV of the SFO.
4. The entire issued share capital of Billion Sky Limited is beneficially owned as to 59.55% by Win Key Investments Limited (the entire issued share capital of which is beneficially owned by Mr. Lee Tak Lun). Win Key Investments Limited and Mr. Lee Tak Lun are taken to be interested in these shares under Part XV of the SFO.
5. These shares are held by Winrex International Limited (“Winrex”), a company incorporated in the British Virgin Islands. Mr. Lee Woo Sing holds more than one-third of the issued share capital of Winrex and is accordingly taken to be interested in the shares held by Winrex under Part XV of the SFO.

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the shares of the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 September 2009.

COMPETITION AND CONFLICT OF INTEREST

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

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted codes of conduct regarding securities transactions by Directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules.



Management Discussion and Analysis

On specific enquiries made, all Directors have confirmed that, in respect of the Period, they have complied with the required standard set out in the Model Code regarding Directors' securities transactions.

AUDIT COMMITTEE

The Company's Audit Committee, comprising of three independent non-executive Directors, has reviewed with the management of the Company the accounting principles and practices adopted by the Company and discussed the auditing, internal control and financial reporting matters including a review of the Company's unaudited interim financial statements for the six months ended 30 September 2009.

SUBSEQUENT EVENT

The Company has appointed AVANTA Investment Management Limited ("**AVANTA**") to act as its interim investment manager with effect from 30 October 2009 pursuant to an interim investment manager agreement entered into between the Company and AVANTA on 3 November 2009. The appointment of AVANTA is a transitional arrangement made by the Company consequent to the notification by Grand Investment (Securities) Limited, the existing investment manager of the Company, that it currently has only one responsible officer who is licensed to carry out Type 9 regulated activity (asset management) under the SFO and is identifying an additional appropriate candidate approved by the Securities and Futures Commission to be its responsible officer.

BOARD OF DIRECTORS

As at the date of this Report, the Board comprises two executive Directors, namely Ms. Lee Wai Tsang Rosa and Dr. Huang Zhijian, a non-executive Director, namely Mr. Lee Woo Sing and three independent nonexecutive Directors, namely Mr. Lu Fan, Dr. Zhang Hongru and Dr. Zhou Yunxia.

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

Hong Kong, 27 November 2009