



T E M U J I N  
TEMUJIN INTERNATIONAL  
INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)  
Stock Code:204

*Interim Report*  
**2009**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Antonio Ibrahim Tambunan (*Chairman*)

Mr. Mark Damion Go

(*Appointed on 30 April 2009 as the alternate director to*

*Mr. Antonio Ibrahim Tambunan*)

Mr. Thanh Hung Thai

(*Appointed on 24 April 2009*)

Mr. Tang Hin Keung, Alfred

(*Appointed on 30 April 2009*)

Mr. Ahn Do Il

(*Appointed on 26 June 2009*)

#### Independent Non-executive Directors

Mr. Li Man Nang

Mr. Jeffrey John Ervine

Mr. Choi Yong Seok

Mr. Leung Chi Hung

(*Appointed on 30 April 2009*)

### AUDIT COMMITTEE

Mr. Li Man Nang (*Chairman*)

Mr. Jeffrey John Ervine

Mr. Choi Yong Seok

Mr. Leung Chi Hung

(*Appointed on 30 April 2009*)

### REMUNERATION COMMITTEE

Mr. Antonio Ibrahim Tambunan (*Chairman*)

Ms. Tsuen Tai Chi Andy (*Chairman*)

(*Resigned on 30 April 2009*)

Mr. Li Man Nang

Mr. Jeffrey John Ervine

### COMPANY SECRETARY

Mr. Chan Chiu Hung Alex

### INVESTMENT MANAGER

United Gain Investment Limited

### DIRECTORS OF INVESTMENT MANAGER

Mr. Lum Chor Wah Richard

Mr. Lau Chi Yiu

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Industrial and Commercial Bank of China (Asia) Limited

Industrial Bank of Korea

### AUDITORS

HLM & Co.

*Certified Public Accountants*

### LEGAL ADVISERS

*Hong Kong Law*

Michael Li & Co.

*Cayman Islands Law*

Maples and Calder

### PRINCIPAL REGISTRAR

Butterfield Fund Services (Cayman) Limited

Butterfield House

68 Fort Street

P.O. Box 705

Grand Cayman

KY1-1107

Cayman Islands

### BRANCH REGISTRAR

Union Registrars Limited

Rooms 1901-02, Fook Lee Commercial Centre

Town Place, 33 Lockhart, Wanchai

Hong Kong

### REGISTERED OFFICE

P. O. Box 309

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

British West Indies

### PRINCIPAL PLACE OF BUSINESS

Room 2108, Two IFC

8 Finance Street, Central

Hong Kong

### WEBSITE

<http://www.irasia.com/listco/hk/temujin/index.htm>



## INTERIM RESULTS

The board of directors (the “Board”) of Temujin International Investments Limited (the “Company”) and its subsidiaries (the “Group”) hereby announced the unaudited interim results of the Company for the six months ended 30 September 2009 (the “Period”) together with the comparative figures for the corresponding period in 2008. The unaudited results for the Period have been reviewed by the Company’s Audit Committee and are as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2009

	Notes	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Revenue	4	568	–
Net realized gain/(loss) on disposal of financial assets at fair value through profit or loss		26	(472)
Unrealized holding loss on financial assets at fair value through profit or loss		1,897	–
Operating income/(loss)		2,491	(472)
Loss on disposal of investment in available-for-sale financial assets		(85)	–
Finance cost		(2,130)	–
Administrative expenses		(9,922)	(2,043)
<b>LOSS BEFORE TAX</b>	5	<b>(9,646)</b>	<b>(2,515)</b>
Taxation	6	–	–
<b>NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>	7	<b>(9,646)</b>	<b>(2,515)</b>
<b>DIVIDENDS</b>	8	<b>Nil</b>	<b>Nil</b>
<b>LOSS PER SHARE – BASIC</b>	9	<b>HK\$0.406</b>	<b>HK\$0.120</b>
<b>– DILUTED</b>		<b>N/A</b>	<b>N/A</b>



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 September 2009*

	<b>2009</b> <b>HK\$'000</b> <b>(unaudited)</b>	2008 HK\$'000 (unaudited)
Loss for the period	<b>(9,646)</b>	(2,515)
<b>Other comprehensive income</b>		
Other comprehensive income for the period, net of tax	<u>—</u>	<u>—</u>
Total comprehensive income for the period	<u><b>(9,646)</b></u>	<u>(2,515)</u>
Total comprehensive income for the period attributable to equity holders of the Company	<u><b>(9,646)</b></u>	<u>(2,515)</u>



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2009

	Notes	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		533	95
Available-for-sale financial assets	10	5,661	1,537
		<u>6,194</u>	<u>1,632</u>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	11	7,898	478
Other receivables, deposits and prepayments	12	21,632	3,109
Bank and cash balances		7,819	22
		<u>37,349</u>	<u>3,609</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accrued charges		2,140	523
<b>NET CURRENT ASSETS</b>			
		<u>35,209</u>	<u>3,086</u>
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds	15	28,760	–
<b>NET ASSETS</b>			
		<u>12,643</u>	<u>4,718</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	5,050	4,209
Reserves		7,593	509
<b>SHAREHOLDERS' FUNDS</b>			
		<u>12,643</u>	<u>4,718</u>
<b>NET ASSETS PER SHARE</b>			
	16	<u>HK\$0.50</u>	<u>HK\$0.22</u>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 September 2009*

	Share capital	Share premium	Equity component of convertible bonds	Investment revaluation reserve	Warrant reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008 (Audited)	4,209	79,845	-	(368)	-	(74,632)	9,054
Loss for the period	-	-	-	-	-	(2,515)	(2,515)
At 30 September 2008 (Unaudited)	4,209	79,845	-	(368)	-	(77,147)	6,539
Changes in fair value of available- for-sale financial assets	-	-	-	(87)	-	-	(87)
Issue of unlisted warrants	-	-	-	-	842	-	842
Loss for the period	-	-	-	-	-	(2,576)	(2,576)
At 31 March 2009 (audited)	4,209	79,845	-	(455)	842	(79,723)	4,718
Issue of shares upon acquisition of investment	841	3,360	-	-	-	-	4,201
Equity component of convertible bonds	-	-	13,370	-	-	-	13,370
Loss for the period	-	-	-	-	-	(9,646)	(9,646)
At 30 September 2009 (unaudited)	<u>5,050</u>	<u>83,205</u>	<u>13,370</u>	<u>(455)</u>	<u>842</u>	<u>(89,369)</u>	<u>12,643</u>



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 September 2009*

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Net cash used in operating activities	<b>(20,174)</b>	(2,566)
Net cash (used in)/generated from investing activities	<b>(12,029)</b>	1,754
Net cash generated from financing activities	<b>40,000</b>	–
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	<b>7,797</b>	(812)
Cash and cash equivalents at 1 April	<b>22</b>	1,576
	<hr/>	<hr/>
Cash and cash equivalents at 30 September representing bank balances	<b>7,819</b>	764
	<hr/> <hr/>	<hr/> <hr/>



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The condensed consolidated interim financial statements should be read in conjunction with the 2009 audited financial statements. The accounting policies and basis of preparation used in the preparation of condensed consolidated interim financial statements are consistent with those applied in the Company’s audited financial statements for the year ended 31 March 2009. The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair values or revalued amounts, as appropriate.

### 2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for these financial statements. Except for in certain cases, giving rise to new and revised accounting policies, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations Instruments <sup>1</sup>
HKFRS 7 Amendments	Amendments to HKFRS 7, Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
HK (IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK (IFRIC)-Int 9 and HKAS 39 Financial instruments: Recognition and Measurement – Embedded Derivatives
HK (IFRIC)-Int 13	Customer Loyalty Programmes
HK (IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK (IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs 2008 Improvements	Improvements to HKFRSs 2008*





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

The Group 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 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards <sup>1</sup>
HKFRS 2 (Amendment)	Amendment to HKFRS2 Share-based Payment Group – Cash-settled Share-based Payment Transactions <sup>3</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>3</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 32 (Amendments)	Classification of Right Issues <sup>4</sup>
HKAS 39 Amendments	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items <sup>1</sup>
HK (IFRIC)–Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK (IFRIC)–Int 18	Transfer of Assets from Customers <sup>2</sup>
HK (IFRIC)–Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>5</sup>

Apart from the above, the HKICPA has also issued Improvements to HKFRSs\*<sup>^</sup> which sets out amendments to a number of HKFRSs primarily with a view to reviewing inconsistencies and clarify wording.

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Effective for transfer of assets from customer received on or after 1 July 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2010

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2013

\* Improvements to HKFRSs issued on October 2008, 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. Except for the amendment 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 and which have been adopted by the Company in these financial statement.

<sup>^</sup> Improvements to HKFRSs issued on May 2009, contain amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16. These amendments are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard.

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 and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Company's results of operations and financial position.



### 3. SEGMENT INFORMATION

During the period ended 30 September 2009 and 2008, the Group's turnover and operating results was mainly derived from the interest income and dividend income from investment holding. The Directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, no business segment analysis of operating losses is produced.

The Group's segment revenue, assets and liabilities for the Period, analysed by geographical markets, are as follows:

	Hong Kong, SAR		PRC (not including Hong Kong, SAR)		Korea		Total	
	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Segment revenue:								
External sales	-	-	-	-	568	-	568	-
Inter-segment sales	-	-	-	-	-	-	-	-
	-	-	-	-	568	-	568	-

	Hong Kong, SAR		PRC (not including Hong Kong, SAR)		Korea		Total	
	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>								
<b>Assets</b>								
Segments assets	3,122	110	1,452	4,651	38,969	-	43,543	4,761
Unallocated corporate assets							-	2,062
							43,543	6,823
<b>Liabilities</b>								
Unallocated corporate liabilities and total liabilities							30,899	523
<b>Other information</b>								
Depreciation	18	32	-	-	-	-	18	32



#### 4. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended	
	2009 HK\$'000 Unaudited	2008 HK\$'000 Unaudited
Interest income	568	–
	<u>568</u>	<u>–</u>

#### 5. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	Six months ended	
	2009 HK\$'000 Unaudited	2008 HK\$'000 Unaudited
Directors' remuneration		
– Fees		
Executive Director	983	15
Non-executive Director	5	30
Independent non-executive Director	115	90
– Contributions to MPF scheme	4	–
Total directors' remunerations	<u>1,107</u>	<u>135</u>
Staff costs		
– Salaries	1,557	360
– Contributions to MPF scheme	25	–
Total staff costs (excluding directors' remunerations)	<u>1,582</u>	<u>360</u>
Rent and rates	1,490	479
Depreciation	18	17
Investment management fee	40	–
Loss on disposal of investment in available-for-sale financial assets	(85)	–
Net realized gain/(loss) on disposal of financial assets at fair value through profit or loss	26	(472)
Unrealized holding gain on disposal of financial assets at fair value through profit or loss	<u>1,897</u>	<u>–</u>

During the period ended 30 September 2009, Mr. Antonio Ibrahim Tambunan, a director of the Company, had waived his director's fees of HK\$650,000.



## 6. TAXATION

No provision for Hong Kong profits tax and overseas income tax has been made as the Group has no taxable profits arising in Hong Kong or elsewhere for the both periods.

## 7. NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS

The net loss for the Period attributable to shareholders of the Company dealt with in the financial statements of the Company amounted to HK\$6,555,000 (2008: HK\$2,515,000).

## 8. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the Period (2008: Nil).

## 9. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss attributable to shareholders of the Company for the six months ended 30 September 2009 of approximately HK\$9,646,000 (2008: approximately HK\$2,515,000) and on the weight average number of 23,778,949 (2008: the weighted average number of 21,042,300) shares in issue during the six months ended 30 September 2009.

Diluted loss per share for the Period has not been disclosed, as the warrants and the convertible bonds have an anti-dilutive effect on the basic loss per share for the Period. No diluted loss per share was presented in 2008 as there was no potential dilutive shares outstanding during the six months ended 30 September 2008.

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30 September 2009 HK\$'000 Unaudited</b>	31 March 2009 HK\$'000 Audited
Unlisted equity securities, at cost	<b>6,199</b>	1,991
Fair value changes	<b>(538)</b>	(454)
At balance sheet date	<b><u>5,661</u></b>	<u>1,537</u>



**11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30 September 2009 HK\$'000 Unaudited</b>	<b>31 March 2009 HK\$'000 Audited</b>
Financial assets at fair value through profit or loss:		
Listed in Hong Kong, at cost	–	411
Unrealized gain recognized in income statement	–	67
	<u>–</u>	<u>478</u>
Market value at balance sheet date	–	478
	<u>–</u>	<u>478</u>
Listed outside Hong Kong, at cost	<b>6,001</b>	–
Unrealized gain recognized in income statement	<b>1,897</b>	–
	<u>7,898</u>	<u>–</u>
Market value at balance sheet date	<b>7,898</b>	–
	<u>7,898</u>	<u>–</u>
	<u><b>7,898</b></u>	<u><b>478</b></u>

**12. OTHER RECEIVABLES**

	<b>30 September 2009 HK\$'000 Unaudited</b>	<b>31 March 2009 HK\$'000 Audited</b>
Deposits for investments	–	2,700
Prepayments and rental deposit	<b>2,427</b>	408
Others	<b>19,205</b>	1
	<u>21,632</u>	<u>3,109</u>
	<u><b>21,632</b></u>	<u><b>3,109</b></u>

Others represent loans made to creditworthy corporations and high net worth individuals for securing higher interest income.

The directors consider that the carrying amount of other receivables approximates their fair value.



### 13. SHARE CAPITAL

	Number of Ordinary shares	Nominal Value HK\$'000
<b>Authorised:</b>		
At beginning of Period	50,000,000	10,000
Increase of authorized capital	450,000,000	90,000
	<u>500,000,000</u>	<u>100,000</u>
At balance sheet date	<u>500,000,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>		
At beginning of Period (audited)	21,042,300	4,209
Issue of share upon acquisition of investment	4,208,460	841
	<u>25,250,760</u>	<u>5,050</u>
At balance sheet date	<u>25,250,760</u>	<u>5,050</u>

During the Period on 24 April 2009, the Company's share capital was increased from HK\$10,000,000 to HK\$100,000,000 by the creation of additional 450,000,000 shares of HK\$0.2 each.

On 3 June 2009, pursuant to sales and purchase agreements entered into between the Company and two independent third parties dated 22 December 2008, the Company issued 4,208,460 shares of the Company of HK\$0.2 each at an issue price of HK\$1.0 each as consideration for the acquisition of a total of 30% equity interest in a Korean company which is principally engaged in the research and development of technologies applicable to automobiles and electronic industries.

### 14. WARRANTS

The Group has a total of 4,208,460 warrants outstanding at 30 September 2009 and its movement is as follows:

Date of grant	Outstanding at 1/4/2009	Issued during the period	Exercised/ lapsed during the period	Outstanding At 30/9/2009	Exercise period	Exercise price per share
6 February 2009	4,208,460	-	-	4,208,460	6 February 2009 to 5 February 2012	HK\$1.00

No warrants have been exercised during the period ended 30 September 2009.



## 15. CONVERTIBLE BONDS

On 17 June 2009, the Company issued 12% coupon convertible bonds due on 17 June 2012 in the aggregate principal amount of HK\$ 40,000,000 with a conversion price of HK\$1.60 per ordinary shares of HK\$ 0.20 (subject to adjustment) of the Company.

The fair values of the liability component and equity conversion component were determined upon the issuance of the convertible bonds.

The fair value of the liability component, included in non-current liabilities, was calculated based on the estimated discounted cash flow over the remaining contractual terms of the convertibles bonds and discounted using a market interest rate for an equivalent non-convertible bond. The discounted rate of the liabilities component of the convertible bonds was approximately 33.6%. The residual amount, representing the value of equity conversion component, was included in shareholders' equity under "convertible bonds equity reserve".

The convertible bonds recognized in the statement of financial position were calculated as follows:

	<b>30 September 2009 HK\$'000 Unaudited</b>
Face value of convertible bonds	<b>40,000</b>
Equity component	<b>(13,370)</b>
	<hr/>
Liability component at the date of issue	<b>26,630</b>
Converted into ordinary shares	<b>–</b>
Accumulated interest expenses recognized	<b>2,130</b>
	<hr/>
Liability component at balance sheet date	<b>28,760</b>
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Interest on the bond is calculated on the effective yield basis by applying the effective interest rate for an equivalent non-convertible bond to the liability component of the convertible bonds.

Pursuant to the terms and conditions of the convertible bonds, so long as any bond remains outstanding, the Company will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure, guarantee or indemnify in respect of any present or future indebtedness of the Company other than loans from banks or licensed or registered financial institutions unless, at the same time or prior thereto, the Company's obligations under the bonds (a) are secured equally and ratably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the bondholders shall approve by an ordinary resolution.

## 16. NET ASSETS PER SHARE

The calculation of the net assets per share is based on the net assets of the Company as at 30 September 2009 of approximately HK\$12,643,000 (31 March 2009: approximately HK\$4,718,000) and 25,250,760 (31 March 2009: 21,042,300) ordinary shares in issue as at that dates.



## 17. RELATED PARTY TRANSACTIONS

- (a) Compensation of key management personnel, the Directors of the Company, during the period is as follows:

	<b>2009</b> <b>HK\$'000</b> <b>Unaudited</b>	2008 <i>HK\$'000</i> Unaudited
Fee	1,103	135
Contributions to MPF scheme	<u>4</u>	<u>—</u>
Salaries paid to a spouse of a substantial shareholder	<u>378</u>	<u>—</u>
	<u><b>1,485</b></u>	<u><b>135</b></u>

- (b) The investment managers were remunerated based on their respective management agreement as follows:

	<b>2009</b> <b>HK\$'000</b> <b>Unaudited</b>	2008 <i>HK\$'000</i> Unaudited
Descartes Global Asset Management Limited ("Descartes")	—	—
United Gain Investment Limited ("United Gain")	<u>40</u>	<u>—</u>
	<u><b>40</b></u>	<u><b>—</b></u>

The Group will pay to United Gain acting as investment manager an annual equivalent to the higher of HK\$100,000 or 1.25% of the Group's net asset value, provided that such annual fee shall not exceed HK\$600,000. The investment management agreement with Descartes was terminated on 9 March 2009.

- (c) Rental paid to a company of which a director of the Company is a director:

	<b>2009</b> <b>HK\$'000</b> <b>Unaudited</b>	2008 <i>HK\$'000</i> Unaudited
Rental payment	<u>500</u>	<u>—</u>
	<u><b>500</b></u>	<u><b>—</b></u>





**18. COMMITMENTS****(a) Operating lease arrangements**

During the period, the Company leased certain of its office premises under non-cancelable operating lease arrangements and rentals are fixed for an average term of two years.

At 30 September 2009, the Company had total future minimum lease payments in respect of non-cancelable operating leases for land and buildings fall due as follows:

	<b>30 September 2009 HK\$'000 Unaudited</b>	31 March 2009 HK\$'000 Audited
Within one year	<b>1,878</b>	912
In the second to fifth year inclusive	<b>435</b>	760
	<b>2,313</b>	1,672

**(b) Capital commitments**

At the balance sheet date, the Company had no significant capital commitments.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the six months ended 30 September 2009, the Company recorded a turnover of approximately HK\$568,000, represented an increase of approximately HK\$568,000 when compared with corresponding period of last year. The unaudited net loss attributable to shareholders of the Company for the Period was approximately HK\$9,646,000 representing an increase of 283.5% as compared to that of approximately HK\$2,515,000 in the corresponding period of last year. The loss per share of the Company was approximately HK\$0.406 (2008: HK\$0.120).

During the period under review, for strengthening the financial position of the Group, the Company had secured approximately HK\$39.2 million (net of commission) through the issuance of a 12% convertible bonds. While pending appropriate investment opportunities for securing higher return, part of the funds has been lent to creditworthy corporations and high net worth individuals with the remaining fund kept within the Group for potential investment opportunities.

During the period, the Group had completed the acquisition of Ergomics Corp. ("Ergomics") on 3 June 2009 via the issuance of shares of the Company. While the development of Ergomics encountered delay due to the delay in launching of its prototype which was mainly due to the tuning of the optimal setup, the identification of suitable factory premises for installation of the prototype and logistic arrangement for future operations. Irrespective, the board is still conservatively optimistic over the development of Ergomics and believe that such would contribute to the bottom line for the Group in the coming years.

As at 30 September 2009, the Company had a portfolio of investments comprised of listed company and unlisted company outside Hong Kong. The Board will regularly monitor the performance of the portfolio with reference to the Group's investment objective and policy of achieving long term capital appreciation and growth in profits. However, due to the uncertainties of the financial markets, the board will take a cautious view of its business in the coming year and will take appropriate action on those investments, if necessary.

Moreover, during the Period, the Group had been approached for a number of projects. After evaluation, the Group had not invested in any of these projects. This is because those projects do not present potential return justify the risk incurred. Nonetheless, the Group was involved in structuring a bond for a reputable automobile manufacturer in Korea but which was finally called off by the automobile manufacturer.

The loss incurred by the Company for the period ended 30 September 2009 were mainly attributable to the increase in administrative expenses and the interest expenses incurred for the convertible bonds.



The increase in administrative expenses was due primarily to the setting up of a subsidiary in Korea in following up the progress of Ergomics and in exploring potential investment opportunities in Korea. This being said, one executive director, one alternate director (concurrently, the head of research and deputy chief investment officer) and an executive director of the wholly-owned subsidiary are permanently stationed in Korea in overseeing the operation overthere. The increase was also due to additional transactions being incurred by the Group as compared to the corresponding period in last year.

### **Liquidity and Financial Resources**

As at 30 September 2009, the total assets of the Group were approximately HK\$43,543,000, of which the non-current portion and the current portion were approximately HK\$6,194,000 and approximately HK\$37,349,000 respectively, the non-current liabilities and current liabilities was about approximately HK\$28,760,000 and HK\$2,140,000 respectively; the net assets of the Group amounted to approximately HK\$12,643,000 (31 March 2009: HK\$4,718,000). In terms of liquidity, the current ratio, calculated on the basis of the total current assets over total current liabilities at the Period ended date was approximately 17.5 (31 March 2009: 6.9) and the gearing ratio, calculated on the basis of the total liabilities over total shareholders' fund as at 30 September 2009, was approximately 2.444 (31 March 2009: 0.111).

As at 30 September 2009, saved as the issuance of 12% convertible bonds, there were no material borrowings. (31 March 2009: Nil)

### **Significant Investments**

The Group had completed the acquisition of Ergomics, a Korean company which is principally engaged in the research and development of technologies applicable to automobiles and electronics industries and holds an aggregate of thirteen patents and has entered into a letter of intent with a leading Korean automobile company to utilize its technology, on 3 June 2009. The management of the Group has confident that this investment will have sentential return to the Group's operating result in the years to come.

### **Charges on the Company's Assets and Contingent Liabilities**

As at 30 September 2009, there were no charges on the Group's assets and the Group had no material contingent liabilities as of 30 September 2009 (31 March 2009: Nil).

### **Pledge of Assets**

As at 30 September 2009, the Group had no property pledged to bank to secure mortgage loan granted to the Group (31 March 2009: Nil).



### Share Capital Structure

On 3 June 2009, pursuant to sales and purchase agreements entered into between the Company and two independent third parties dated 22 December 2008, the Company issued 4,208,460 shares of the Company of HK\$0.2 each at an issue price of HK\$1.0 each as consideration for the acquisition of a total of 30% equity interest in a Korean company which is principally engaged in the research and development of technologies applicable to automobiles and electronic industries.

On 17 June 2009, the Company issued 12% coupon convertible bonds due on 17 June 2012 in the aggregate principal amount of HK\$ 40,000,000 with a conversion price of HK\$1.60 per ordinary shares of HK\$ 0.20 (subject to adjustment) of the Company. The fund raised from the issuance of the convertible bonds has been fully applied as working capital of the Group and strengthened its Group's capital base and financial position.

Saved as the issuance of a total of 4,208,460 shares of the Company for the acquisition of Ergonomics Corp., and the issuance of the 12% convertible bonds which entitle the holders of the bonds rights to convert the bonds into the shares of the Company at a conversion price of HK\$1.6 each on or before 17 June 2012, there were no changes in the share capital structure of the Company during the period ended 30 September 2009.

### Foreign Currency Fluctuation

Most of the business transactions of the Group are denominated in Hong Kong dollars and Korean Won. Management of the Group will closely monitor the fluctuation in these currencies and take appropriate actions when needed. As at 30 September 2009, the Group does not have any hedging activities against its foreign exchange exposure nor does it adopt any formal hedging policies. The Group had not entered into any financial derivatives during the Period.

### OUTLOOK

In future, the management is expecting the gradual recovery of the global economy. This, together with the PRC's measures for stimulating domestic demand, will have positive impact on investment environments. However, the Group are still cautious about the prospects in the years ahead and will adopt a more conservative investment strategy and continue to manage the existing investments in accordance with the Group's investment objective.

Against a backdrop of still volatile but improved market condition, the Group will be actively seeking fund raising opportunities to ensure the Group's finances remain healthy and to take advantage of opportunities regionally in the Greater China and Asia Pacific Region. The Group will also consider fund raising exercise to strengthen the financial position of the Group when suitable situations arise.



## CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

The Group did not have significant capital commitment nor contingent liabilities as at 30 September 2009.

## EMPLOYEES

As at 30 September 2009, the Group have employed 11 employees (2008: 2 employees) and the total remuneration paid to staff was approximately HK\$2,689,000 (2008: HK\$495,000) during the period ended 30 September 2009. The employees were remunerated based on their responsibilities and performance.

## DIRECTORS' AND CHIEF EXECUTIVE' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2009, the interests and short positions of the directors, the chief executives and their associates of the Company in the shares, underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “SEHK”) pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executives and their associates of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (the “Model Code”) in the Listing Rules as follows:

## LONG POSITIONS

Ordinary shares of HK\$0.20 each of the Company

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held/interested</b>	<b>Percentage of the issued share capital of the Company</b>
Mr. Ahn Do Il	Beneficial owner	2,104,230	8.33%

Note: Mr. Ahn Do Il personally owned 2,104,230 shares of the Company.



Save as disclosed above, at no time during the six months ended 30 September 2009 was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the directors or chief executives and their associates of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

Save as disclosed above, none of the directors or the chief executives and their associates of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within in meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed issuers contained in the Listing Rules as at 30 September 2009.

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Save as disclosed above, at no time during the Period was the Company or its subsidiary a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **SUBSTANTIAL SHAREHOLDERS**

As at 30 September 2009 so far as is known to the directors, the persons/companies (not being a director or chief executive and their associates of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:



**LONG POSITIONS**

Ordinary shares of HK\$0.20 each of the Company

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held/interested</b>	<b>Percentage of the issued share capital of the Company</b>
Ms. Wang Annie	Beneficial owner (Note 1)	3,914,500	15.50%
Key Mark Investments Limited ("Key Mark")	Beneficial owner (Note 2)	2,958,800	11.72%
Ms. Kwok Kit Ping	Held by controlled corporation (Note 2)	2,958,800	11.72%
Ms. Choi Eun Kyung	Beneficial owner (Note 3)	2,104,230	8.33%

Notes:

1. Ms. Wang Annie does not hold any position within the Company and is regarded as a connected person (as defined in the Listing Rules) of the Company by virtue of their being a substantial shareholder of the Company.
2. Ms. Kwok Kit Ping beneficially owns the entire issued share capital of Key Mark. Key Mark in turn owns 2,958,800 ordinary shares of the Company. Ms. Kwok Kit Ping does not hold any position within the Company, each of Ms. Kwok Kit Ping and Key Mark is regarded as a connected person (as defined in the Listing Rules) of the Company by virtue of their being a substantial shareholder of the Company.
3. Ms. Choi Eun Kyung does not hold any position within the Company and is regarded as a connected person (as defined in the Listing Rules) of the Company by virtue of her being a substantial shareholder of the Company.

Save for the interests disclosed above, the directors were not aware of any other person being interested in 5% or more or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 September 2009.



## **PURCHASE, SALE AND REDEMPTION OF SHARES**

During the Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the six months period ended 30 September 2009.

## **AUDIT COMMITTEE**

The Audit Committee is comprised of four independent non-executive directors of the Company, namely Mr. Li Man Nang (Chairman), Mr. Jeffrey John Ervine, Mr. Choi Yong Seok and Mr. Leung Chi Hung. The Audit Committee meets with the Group's management regularly to review the accounting principles and practices adopted by the Group, the effectiveness of the internal control systems and the interim and annual reports of the Group. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 September 2009.

## **REMUNERATION COMMITTEE**

The Remuneration Committee consists of one executive director, Mr. Antonio Ibrahim Tambunan (Chairman), and two independent non-executive directors, Mr. Li Man Nang and Mr. Jeffrey John Ervine.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy for directors, senior management, and investment manager and overseeing the remuneration packages of the executive directors, senior management, and investment manager.

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

During the six months ended 30 September 2009, the Company complied with the code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Model Code in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by directors throughout the six months period ended 30 September 2009.





## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the Period with the following deviation:

### CODE PROVISION A.2.1

Under the code provision A.2.1, of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be preformed by the same individual. An individual chief executive officer was not appointed during the Period based on the existing size and structure of the Group.

### CODE PROVISION A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1. However, all directors of the Company are subject to retirement by rotation at each annual general meeting under the amended Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

## SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the percentage of the Company’s shares which are in the hands of the public is not less than 25% of the Company’s total number of issued shares.

By Order of the Board  
**Temujin International Investments Limited**  
**Antonio Ibrahim Tambunan**  
*Chairman*

Hong Kong, 21 December 2009

*As at the date of this report, the Board is comprised of Mr. Antonio Ibrahim Tambunan (Mr. Mark Damion Go as alternate director), Mr. Thanh Hung Thai, Mr. Tang Hin Keung, Alfred, and Mr. Ahn Do Il as executive directors, and Mr. Li Man Nang, Mr. Choi Yong Seok, Mr. Jeffrey John Irvine and Mr. Leung Chi Hung as independent non-executive directors.*

