



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

(Incorporated in Bermuda with limited liability)

Stock Code: 1160

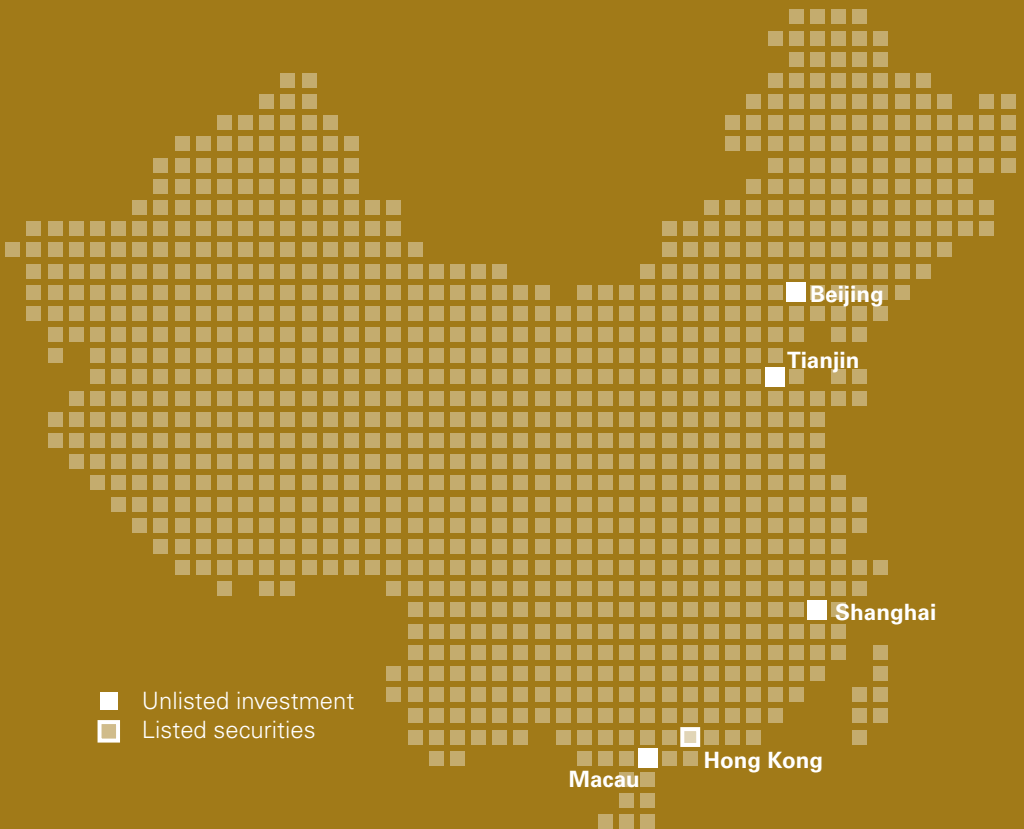
Interim Report 2010



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

COMPANY SECRETARY

Ms. Chung Wing Han Wendy

AUDIT COMMITTEE

Mr. Lu Fan

Dr. Zhang Hongru

Dr. Zhou Yunxia

INVESTMENT MANAGER

AVANTA Investment Management Limited

Unit 1701, Tower Two

Lippo Centre, 89 Queensway

Hong Kong

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 A, 2nd Floor

No.269-277 Queen's Road Central

Hong Kong

(with effect from 4 October 2010)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited

46 Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong law

Chiu & Partners

40 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



Unaudited Interim Financial Statements

RESULTS

The board (the “Board”) of directors (the “Directors”) of Grand Investment International Ltd. (the “Company”) is pleased to announce the unaudited condensed results of the Company for the period from 1 April 2010 to 30 September 2010 (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 2010

	NOTE	For the six months ended	
		30 September 2010 HK\$'000 (Unaudited)	30 September 2009 HK\$'000 (Unaudited)
REVENUES	3	(704)	5,013
OTHER REVENUES	4	28	1
ADMINISTRATIVE EXPENSES		(1,851)	(1,547)
(LOSS)/PROFIT BEFORE TAXATION	6	(2,527)	3,467
TAXATION	7	–	1,104
(LOSS)/PROFIT FOR THE PERIOD		(2,527)	4,571
ATTRIBUTABLE TO:			
Owners of the Company		(2,527)	4,571
INTERIM DIVIDEND	8	–	–
(LOSS)/EARNINGS PER SHARE (Cents)			
– Basic	9	(1.46)	2.65
– Diluted	9	N/A	N/A

The notes on pages 9 to 17 form part of these condensed interim financial statements.

Condensed Statement of Comprehensive Income

For the six months ended 30 September 2010

	NOTE	For the six months ended	
		30 September 2010 HK\$'000 (Unaudited)	30 September 2009 HK\$'000 (Unaudited)
(LOSS)/PROFIT FOR THE PERIOD		(2,527)	4,571
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD		(2,527)	4,571
TOTAL COMPREHENSIVE (LOSS)/PROFIT ATTRIBUTABLE TO: Owners of the Company		(2,527)	4,571

The notes on pages 9 to 17 form part of these condensed interim financial statements.



Condensed Statement of Financial Position

As at 30 September 2010

	NOTE	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Available-for-sale investments	10	42,178	39,843
CURRENT ASSETS			
Investments at fair value through profit or loss	11	10,385	14,660
Account receivables	12	99	–
Deposit, prepayments and other receivables		537	494
Cash and cash equivalents		381	3,350
TOTAL CURRENT ASSETS		11,402	18,504
CURRENT LIABILITIES			
Other payable and accruals		156	2,396
TOTAL CURRENT LIABILITIES		156	2,396
NET CURRENT ASSETS		11,246	16,108
NET ASSETS		53,424	55,951
CAPITAL AND RESERVES			
Share capital	13	17,280	17,280
Reserves		36,144	38,671
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		53,424	55,951
NET ASSET VALUE PER SHARE (Cents)		31	32

The notes on pages 9 to 17 form part of these condensed interim financial statements.

Condensed Statement of Changes in Equity

For the six months ended 30 September 2010

	Share capital HK\$'000	Share premium HK\$'000	(Accumulated losses) /Retained profits HK\$'000	Total HK\$'000
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
Balance at 1 April 2010 (Audited)	17,280	37,786	885	55,951
Loss for the period	-	-	(2,527)	(2,527)
Balance at 30 September 2010 (Unaudited)	17,280	37,786	(1,642)	53,424

The notes on pages 9 to 17 form part of these condensed interim financial statements.



Condensed Statement of Cash Flows

For the six months ended 30 September 2010

	For the six months ended	
	30 September 2010 HK\$'000 (Unaudited)	30 September 2009 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(2,997)	(14,696)
NET CASH GENERATED FROM FINANCING ACTIVITIES	28	–
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(2,969)	(14,696)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	3,350	15,248
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	381	552
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balance	381	552

The notes on pages 9 to 17 form part of these condensed interim financial statements.



Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2010

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 2010.

The condensed financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

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 2010.



Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2010

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. For the purposes of preparing these financial statements, the Company has adopted all these new and revised HKFRSs throughout the periods presented, except for any new or revised HKFRSs that are not yet effective for accounting period beginning on 1 April 2010. The adoption of the new and revised standards does not have any significant impact on the Company's financial statements.

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 Condensed Interim Financial Statements

For the six months ended 30 September 2010

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 2010 HK\$'000 (Unaudited)	30 September 2009 HK\$'000 (Unaudited)
Net realised (loss)/gain on disposal of investments at fair value through profit or loss	(51)	668
Net unrealised holding (loss)/gain on investments at fair value through profit or loss	(857)	4,250
Net realised gain on option premium	45	–
Dividend income from listed securities	159	95
	(704)	5,013

4. OTHER REVENUES

	For the six months ended	
	30 September 2010 HK\$'000 (Unaudited)	30 September 2009 HK\$'000 (Unaudited)
Interest income	28	1



Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2010

5. 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.

6. (LOSS)/PROFIT BEFORE TAXATION

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

	For the six months ended	
	30 September 2010 HK\$'000 (Unaudited)	30 September 2009 HK\$'000 (Unaudited)
Interest income	–	(1)
Exchange gain, net	–	(16)
Provision for auditors' remuneration	54	54
Directors' remuneration	330	300
Mandatory Provident Fund	12	9
Investment manager fee	170	144
Staff salaries and allowances	47	–
Operating lease payments	720	552

Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2010

7. TAXATION

	For the six months ended	
	30 September 2010 HK\$'000 (Unaudited)	30 September 2009 HK\$'000 (Unaudited)
Hong Kong Profits Tax:		
– Provided for the period	–	274
– Over-provision for prior period	–	(1,378)
	–	(1,104)

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. (period ended 30 September 2009: 16.5%)

8. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period ended 30 September 2010 (period ended 30 September 2009: Nil).

9. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per ordinary share is based on the unaudited loss of HK\$2,527,000 for the Period (period ended 30 September 2009: profit of HK\$4,571,000) attributable to shareholders and the weighted average of 172,800,000 ordinary shares (period ended 30 September 2009: 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 2010 and 30 September 2009, therefore, no diluted (loss)/earnings per share has been presented.



Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2010

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
Investment securities, at cost		
Equity securities, unlisted shares	18,787	18,787
Investments in limited partnerships	23,391	21,056
	42,178	39,843

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
Equity securities listed in Hong Kong, at fair value	9,540	13,815
Investments in straight bond, at fair value	845	845
	10,385	14,660

Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2010

12. ACCOUNT RECEIVABLES

An aging analysis of the account receivables as at 30 September 2010 is as below:

	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
Within 1 month	99	–

13. SHARE CAPITAL

	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 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



Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2010

14. RELATED PARTY TRANSACTIONS

During the Period, the Company traded the listed securities through a securities account maintained with a related company, Grand Investment (Securities) Limited ("GIS") in which the non-executive Director, Mr. Lee Woo Sing, has beneficial interest. GIS was also the as investment manager of the Company for the provision of investment management services to the Company.

During the six months ended 30 September 2010, the Company did not pay any investment management fees to GIS (period ended 30 September 2009: HK\$144,000 was paid to GIS).

15. COMMITMENTS

(a) Operating lease commitments

At 30 September 2010, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
Not later than one year	377	577
In second to fifth year inclusive	–	–
	377	577

Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2010

15. COMMITMENTS (continued)

(b) Capital commitments

At 30 September 2010, the Company had capital commitments as follows:

	30 September 2010 HK\$'000 (Unaudited)	31 March 2010 HK\$'000 (Audited)
Contracted but not provided for capital contribution to a limited partnership	3,900	6,240

16. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

This interim financial statements were approved by the Board on 26 November 2010.



Management Discussion and Analysis

INTERIM RESULTS

During the Period, the Company recorded a net loss of HK\$2,527,000 (period ended 30 September 2009: profit of HK\$4,571,000).

Decrease in profit in the Period over the previous one is attributed to the unrealised holding loss on investment and a drop in realised profit derived from the disposal of investments.

The net asset value ("NAV") per ordinary share of HK\$0.10 ("Share") of the Company was HK\$0.31 as at 30 September 2010 (31 March 2010: HK\$0.32).

BUSINESS OVERVIEW AND PROSPECTS

During the first half of our financial year, the Hang Seng Index has gained only 4%, contrasting with the 55% gain over the same period last year, which has a direct impact on our portfolio. Meanwhile, our direct investments has been constant on their valuation. While China continues to exert control on inflation without interfering with growth, Europe and the US will go through a period of slow growth. Nevertheless, the financial markets will remain correlated. The discussion over Renminbi remains a top issue for many countries especially once the mid-term election and the second round of quantitative easing (QE2) settles in the US. With QE2 expected to last for eight months starting in November 2010, we will see asset price continue to appreciate especially those of emerging markets. These markets will likely increase their interest rate to counteract the inflation effect. Meanwhile, there will be some level of volatility in the market that will directly affect our portfolio of listed and unlisted investments. Our prospect for the rest of the year is cautious optimism. We are actively monitoring and reviewing our portfolio companies, some of which have gradually recovered from the impact of the financial crisis. As always, we will do our best to maximize value 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 ("PRC") on 6 January 2006 under a re-organisation whereby the shares of Tianjin Yishang Development Company Limited, a state-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.

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 principal activity of LCF is primarily to invest in real estates in Macau and to realize capital appreciation from the sales of the 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. The principal activity of CMHJ is primarily to make venture capital investment, by investing in and holding equity and equity-oriented securities of privately held early stage to pre-IPO companies in the technology enabling services and products industries with substantial 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 British Virgin Islands. Lot focuses on software outsourcing business in Japan and provides service on application software project development and product research. Lot is experienced in consulting, design and development of logistic, finance, manufacturing, management information system and enterprise resource planning application and has extensive capability and experience in system workflow and framework.

Joyport Holdings Limited (“Joyport”)

Joyport is a limited liability company registered under the Laws of the British Virgin Islands. 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. Joyport 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 maintains a conservative approach in managing the equities portfolio and the private equity portfolio. We monitor our risk exposure regularly and use option hedging strategies when appropriate. In addition, we also rebalance our equities portfolio when necessary, while selectively choose the 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\$318,000 (31 March 2010: HK\$3,349,000) 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 2010, the Company had net assets of HK\$53,424,000 (31 March 2010: HK\$55,951,000) with no long term liabilities. The gearing ratio calculated on the basis of net debt over shareholder's fund as at 30 September 2010 was nil (31 March 2010: Nil).

CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2010, there were no charges on the Company's assets or any significant contingent liabilities (31 March 2010: Nil).

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

CAPITAL EXPENDITURES AND COMMITMENTS

During the Period, the Company made capital expenditures of HK\$2,335,000 in respect of capital contribution to a limited partnership.

Management Discussion and Analysis

As at 30 September 2010, the Company has irrevocable operational leases of approximately HK\$377,000, should be repaid within one year.

As at 30 September 2010, the Company has capital commitment approximately HK\$3,900,000 in respect of capital contribution to a limited partnership is contracted but not provided for.

CAPITAL STRUCTURE

As at 30 September 2010, 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 2010 (30 September 2009: 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 2010, the Company had 7 (2009: 6) employees. Total staff cost for the Period amounted to HK\$389,000 (period ended 30 September 2009: 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 2010, the interests and short positions of the Directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, were as follows:

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 25)</i>	1,000,000 (long position) <i>(Note 5 on page 25)</i>	0.58%

Other than disclosed above, none of the Directors, chief executive of the Company or their associates had any interest or short positions in any shares or 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 2010 or at any time during the six months ended 30 September 2010 under review.

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 or chief executive of the Company to acquire any interests or benefits by means of acquisition of shares, underlying shares in or debentures of the Company.

SHARE OPTIONS

The Company has a share option scheme under which the Directors and certain selected classes of participants may at the discretion of the Directors, be granted options to subscribe for ordinary shares 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 2009: Nil).

Save as disclosed above, none of the Company's Directors and chief executive, 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 months ended 30 September 2010 (period ended 30 September 2009: Nil).

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2010, 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;



Management Discussion and Analysis

- (b) the following entity/person had an interest or short position in the ordinary shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or 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) <i>(Note 1)</i>	8.67%
2. Lee Tak Lun	Interest of a controlled corporation	14,980,000 (long position) <i>(Note 1)</i>	8.67%
	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
3. Grand Finance Group Company Limited ("GFG")	Registered and beneficial owner	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
4. Billion Sky Limited	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
5. Jumbo China Holdings Limited	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
6. Win Key Investments Limited	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%

Management Discussion and Analysis

Notes:

1. Optimize Capital is a company incorporated in the British Virgin Islands, and is owned as to 90% by Mr. Lee Tak Lun and 10% by his daughter, Ms. Lee Wai Tsang Rosa. Mr. Lee Tak Lun is the son of Mr. Lee Woo Sing. Mr. Lee Woo Sing is the non-executive Director while 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.
2. 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.
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 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, 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 2010.

COMPETITION AND CONFLICT OF INTEREST

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



Management Discussion and Analysis

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 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 contained in Appendix 10 to the Listing Rules. All Directors after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code during the Period.

AUDIT COMMITTEE

The Company's Audit Committee, comprising 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 2010.

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 Mr. Lee Woo Sing and three independent non-executive 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, 26 November 2010