



大唐投資國際有限公司\*

GRAND INVESTMENT INTERNATIONAL LTD.

(incorporated in Bermuda with limited liability)

Stock Code: 1160

annual report  
2010-11



Positioned for

**Growth**

\* for identification purpose only

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**SHANGHAI**



**BEIJING**



**TIANJIN**



**MACAU**



**HONG KONG**



## 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

Grand Investment (Securities) Limited

1/F–3/F,

No. 269–277 Queen's Road Central

Hong Kong

### CUSTODIAN

DBS Bank Ltd., Hong Kong Branch

18th Floor, The Center,

99 Queen's Road Central

Hong Kong

(appointed on December 1, 2010)

### AUDITORS

East Asia Sentinel Limited

22th Floor, Tai Yau Building

181 Johnston Road

Wanchai, Hong Kong

### PRINCIPAL BANKER

Wing Hang Bank, Limited

161 Queen's Road Central

Hong Kong

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 2nd Floor,

No. 269–277, Queen's Road Central

Hong Kong

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712–1716

Hopewell Centre

183 Queen's Road East

Hong Kong

### LEGAL ADVISERS TO THE COMPANY

#### As to Hong Kong law:

Chiu & Partners

40th Floor, Jardine House

1 Connaught Place

Hong Kong

#### As to Bermuda law:

Conyers Dill & Pearman

2901, One Exchange Square

8 Connaught Place, Central

Hong Kong



## Chairman's Statement

In 2010, we have seen corporate earnings increased and market recovered from the financial crisis. But even the second round of quantitative easing implemented in the United States ("US") has come to an end, we are still faced with new sets of challenges such as global inflation worries, continual default risks in Europe, persisting political instability in the Middle East and slower growth in emerging markets. Moreover, we also observed the uncertainty where diabolic climate dictated and affected the volatility and price in commodities and the economies. The persistent drought in China, tsunami and nuclear leakage in Japan and unpredictable climate change globally may also impact economic growth in a short to medium term in each region.

Currently we are faced with increasing inflationary pressure and moderate monetary tightening. As a result, the People's Bank of China ("PBoC") is expected to increase interest rate for a number of times in the coming year. Within the first half of the year, we continue to see some gyration of the market with good opportunities to enter and exit. As second half of the year approaches, further monetary tightening policy may damper some of the return accumulated in the first half of the year. The change in M1 will reveal the effect due to the deduction of monetary tightening most likely in third and fourth quarters. The consumer price index ("CPI") often signals inflationary pressure followed by monetary tightening in 3 to 8 months. Recent statistics on CPI in China show possible inflationary tightening which will be starting around the mid year to the end of 2011.

As for 2011, commodity price of raw materials is expected to rise due to greater demand and continued growth in the emerging markets. Companies which rely heavily on these raw materials will be adversely affected because the likely rising cost may not be able to be shifted to clients and thus will result in lower sales and earnings. Moreover, economic observations, such as eminent upward trend for interest rate, growing inflation in China and concerns over slower growth, will guide us through our investment initiatives for the rest of our financial year. Our objective continues to be the optimal return for our shareholders. We want to take this opportunity to thank our shareholders for their patience and support.

**Lee Woo Sing**

*Chairman*

Hong Kong, 10 June 2011



## Management Discussion and Analysis

### OPERATING RESULTS

During the year ended 31 March 2011 (“Year”), Grand Investment International Ltd. (“Company”) recorded a loss of approximately HK\$1,182,000 (2010: a profit of HK\$3,758,000). For the year ended 31 March 2011, the Company recorded HK\$44,000 (2010: HK\$6,133,000) in turnover, comprising realized gain of approximately HK\$701,000 (2010: HK\$3,869,000) and net unrealized loss of the listed securities and investments portfolio of approximately HK\$915,000 (2010: a gain of HK\$2,178,000), and recorded a distribution income from limited partnership of HK\$2,394,000 (2010: Nil) in other revenues.

### PROSPECTS

Our asset allocation in 2010 remained to be divided among equities, direct investments and funds. In terms of our equities investment, we have rebalanced our composition and adopted the strategy to concentrate on fewer than 15 stocks at one time within the portfolio. This strategy allowed us to receive more meaningful option premium and dividend return. We will continue to implement this strategy with emphasis on sectors which are benefited under the economic policies of China in the coming year. One of our portfolio companies, Lot Software Systems International Limited, which represented about 14% of the Company’s net asset value for the Year, may be adversely impacted by the decelerated growth in Japan as a result of the earthquake and tsunami in March, but we believe the impact is limited and temporary. The diversification of our portfolio of investments would help mitigate any negative impact. As for funds, both investments are on par with our expectation with two distributions made by China Merchant Fund II.

Going forward, we will observe and take advantage of the market opportunities with regards to these three classes of investments. Our investment objective remains a balanced growth with capital preservation.

### DIVIDENDS

The directors of the Company (“Directors”) do not recommend the payment of a dividend for the year ended 31 March 2011 (2010: HK\$0.01 per ordinary Share, amount to a total dividend of HK\$1,728,000).

### LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2011, the Company had bank balances of approximately HK\$4,982,000 (2010: HK\$3,350,000).

The Board concludes that the Company has sufficient financial resources to satisfy its immediate investment and working capital requirements. There was no long term borrowing and calculation of gearing ratio was not applicable (2010: N/A).

The Company had net assets of approximately HK\$54,769,000 (2010: HK\$55,951,000).

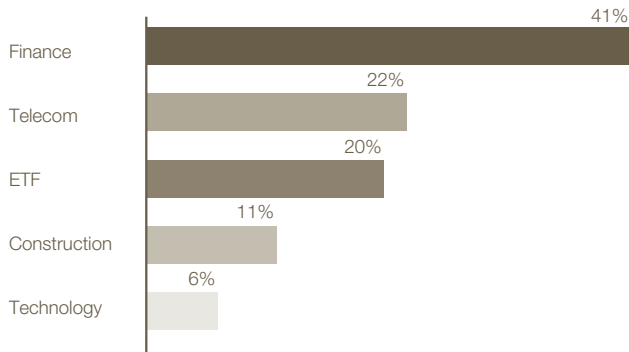


# Management Discussion and Analysis

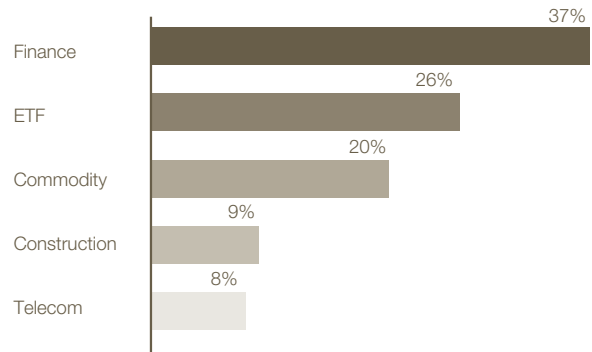
## PORTFOLIOS

### 1) 2011 Equities Portfolio

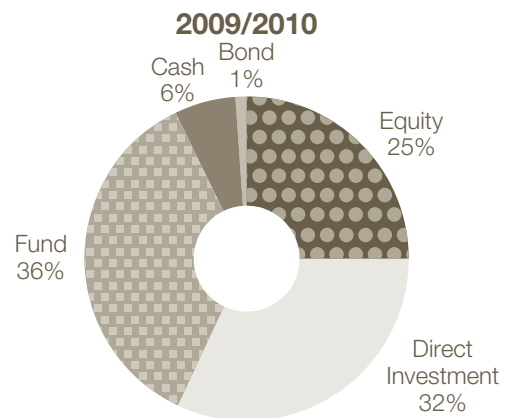
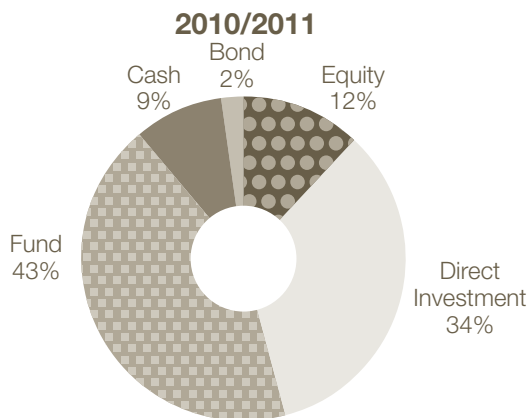
#### 2010/2011



#### 2009/2010



### 2) Investment Portfolio



## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company held assets and liabilities denominated in Hong Kong Dollars, USD and RMB. Accordingly, it is subjected to limited exposure of foreign exchange fluctuation. As the Company's exposure to such foreign exchange risks is kept to a minimum, the Company has not used any derivatives and other instruments for currency exchange hedging purposes.

## CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2011, there were no charges on the Company's assets or any significant contingent liabilities (2010: Nil).

## CAPITAL EXPENDITURES AND COMMITMENTS

The Company had capital commitments amounted to HK\$3,906,000 as at 31 March 2011 (2010: HK\$6,240,000).

## CAPITAL STRUCTURE

As at 31 March 2011, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000.



## Management Discussion and Analysis

### EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2011, the Company had 7 employees (2010: 6), including the executive, non-executive and independent non-executive Directors and staff. Total staff cost for the Year was HK\$949,000 (2010: HK\$1,157,000). The Company's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of the individual. The size of the Company's work force is expected to remain more or less the same in the coming year.

### APPRECIATIONS

On behalf of the Board, I would like to extend our appreciation to all our shareholders for their continuous trust and support. My gratitude goes to our colleagues for their dedication and commitments to their roles.

**Lee Wai Tsang, Rosa**

*Executive Director*

Hong Kong, 10 June 2011



# Corporate Governance Report

The Company is committed to the practice and high standards of corporate governance with a view to enhance transparency, accountability and protecting the interest of the stakeholders.

## BOARD OF DIRECTORS

### Composition

During the Year, the Board consists of two executive Directors, one non-executive Director and three independent non-executive Directors ("INED(s)"). Biographical details of each Director are set out on pages 13 to 14 of this Annual Report. All INEDs of the Company have complied with the provisions set out in Rule 3.13 of The Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange on Hong Kong Limited and have confirmed they are independent of the Company and the Company also considers that they are independent as defined in the Listing Rules.

Mr. Lee Woo Sing, Chairman and non-executive Director of the Company, is the grandfather of Ms. Lee Wai Tsang Rosa, who is the executive Director. Save as the above, there is no relationship among members of the Board.

## ROLE OF THE BOARD

The Board is responsible for development of strategies and monitoring business performance of the Company.

It has formalized the functions reserved to the Board to achieve a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities of the executive Directors to deal with day-to-day operations and review those arrangements on a periodic basis. Every Director is kept informed of his responsibilities as a director of the Company under the laws of Hong Kong and the Listing Rules and of the conduct, business activities and development of the Company. All Directors have access to the advice and relevant information from the Company Secretary to ensure that procedures of the Board functions and all applicable rules and regulations are followed. All INEDs also have independent access to the executive Directors in respects of operating issues.

A Director's handbook which sets out the guidelines on the conduct of which directors of a listed company should follow is issued to every director. The handbook also outlines the responsibilities of making disclosure of personal interest, change in personal particulars potential conflict of interest to the Stock Exchange in a timely manner.

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

The Board meets regularly and at least four Board meetings are scheduled annually at approximately quarterly intervals. Ad-hoc meetings are convened when it considers necessary. Sufficient notice is served to all Directors before the Board meetings. All Directors are entitled to have access to Board papers and related materials at a reasonable time before the intended date of a Board or Board committee meeting unless there are restrictions on disclosure due to legal and regulatory requirements or other justifiable grounds.





## Corporate Governance Report

Upon convening a Board meeting, drafts of agenda and relevant documents are sent to directors for review and comment. The company secretary of the Company is responsible for taking and keeping minutes of all Board meetings and committee meetings. Such minutes are recorded in details for the matters considered by the participants of such meetings and decisions reached, including concerns raised by Directors and/or dissenting views expressed. The meeting minutes are circulated to relevant Directors or committee members within reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings and are open for inspection at any reasonable time on reasonable notice by any Director. According to the current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. He is required to disclose the conflict of interest and is not allowed to participate in the final deliberation or decision and will abstain from voting on such matter. During the year ended 31 March 2011, a total of four meetings of the Board were held.

The following is the attendance record of the meetings:

Name of Director	No. of Meetings	
	Attended/Held	Attendance Rate
<i>Executive Directors</i>		
Dr Huang Zhijian	4/4	100%
Ms Lee Wai Tsang, Rosa	4/4	100%
<i>Non-executive Director</i>		
Mr Lee Woo Sing	4/4	100%
<i>Independent Non-executive Directors</i>		
Mr Lu Fan	4/4	100%
Dr Zhang Hongru	4/4	100%
Dr Zhou Yunxia	4/4	100%

### CORPORATE GOVERNANCE

During the Year, the Company has complied with all the applicable code provisions ("Code Provision") set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 to the Listing Rules except for the deviations from Code Provisions A.2.1 and A.4.1 which are explained below:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lee Woo Sing is the chairman of the Board. The Company has not appointed any chief executive officer since its inception. Given the current size and structure of the Company, the Board considers that such appointment is not required as the existing structure has a well-balanced of authorities, responsibilities and accountability among members of the Board (which comprises experienced and high calibre individuals who meet regularly to discuss issues and affairs affecting the operations of the Company), the various committees established by the Board and the investment manager of the Company.



## Corporate Governance Report

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive Directors is appointed for specific term but is subject to retirement by rotation in accordance with the bye-laws of the Company at least once every three years. The reason for the deviation is that the Directors do not consider that an arbitrary term which limits the duration of the Director's service is appropriate and the current practice of retirement by rotation has given the Company's shareholders the right to assess the performance of the retiring Directors and the opportunity to approve the continuation of the service of those Directors. The Board will review this practice from time to time.

The Directors are fully indemnified against costs, charges, losses, expenses and liabilities that may be incurred by them during the course of execution and discharge of their duties or any matters in relation thereto. A directors' and officers' liability insurance policy has been arranged for providing the indemnity.

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

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

### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Directors acknowledge that it is their responsibilities to prepare financial statements of the Company for each financial period which give a true and fair view of the state of affairs of the Company and that the financial statements are prepared in accordance with the statutory and regulatory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Company. The Directors confirm that, to the best of their knowledge and, having made appropriate enquires, consider that the Company has adequate resources to continue in operational existence for the foreseeable futures and have prepared the financial statements on a going concern accordingly.



## Corporate Governance Report

### AUDIT COMMITTEE

The Company has established with written terms of reference, an audit committee ("Audit Committee") whose members are Mr. Lu Fan, Dr. Zhang Hongru and Dr. Zhou Yunxia, all being INEDs.

The terms of reference of the Audit Committee are consistent with the terms set out in the CG Code. The duties of the Audit Committee include reviewing all matters relating to the scope of audit, such as the financial statements, and providing supervision over the Company's financial reporting procedures and internal control system.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and has discussed with the management about the auditing, internal control and financial reporting matters for the Year. The Audit Committee has also reviewed the annual results of the Company for the Year.

The Audit Committee held 2 meetings in the financial year ended 31 March 2011. The following is the attendance record of the meetings held by the Audit Committee for the Year under review:

Name of Committee Members	No. of Meetings	
	Attended/Held	Attendance Rate
Mr Lu Fan ( <i>Chairman</i> )	2/2	100%
Dr Zhang Hongru	2/2	100%
Dr Zhou Yunxia	2/2	100%

The work performed by the Audit Committee during the Year under review is listed below:

1. reviewing and approving financial statements, auditors' reports before submitting them to the Board and relating press announcements;
2. considering the accounting policies adopted by the Company;
3. reviewing the internal control and financial systems of the Company; and
4. reviewing the work of the external auditors, evaluating their performance, and making recommendation as to their appointment.

After thorough review, discussion and consideration by the Audit Committee, the Audit Committee recommended to the Board:

1. to approve the audited financial statements for the year ended 31 March 2011 together with the Report of Directors and Auditors' Report thereon before the announcement of the annual results; and
2. to propose in the forthcoming Annual General Meeting for re-appointing East Asia Sentinel Limited ("Auditors") as Auditors of the Company for the ensuing year and to hold office until conclusion of the next Annual General Meeting at a fee to be agreed with the Directors.



## Corporate Governance Report

The Audit Committee does not include a former partner of the existing Auditors of the Company. During the financial year under review, the amount of remuneration paid to the Auditor was as below:

<b>Nature of Services</b>	HK\$'000
Audit services	160
Other advisory services	—

The Audit Committee has been provided with sufficient resources to discharge its responsibilities. The Audit Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.

### REMUNERATION COMMITTEE

The Company has set up with written terms of reference a remuneration committee ("Remuneration Committee") whose members are Mr. Lu Fan, Dr. Zhang Hongru and Dr. Zhou Yunxia, all being INEDs. The terms of reference of the Remuneration Committee are consistent with the terms set out in the CG Code.

The major role and functions of the Remuneration Committee are to formulate, review and deliberate on the remuneration policy and related matters of the Company. The Company's remuneration policy is in line with the prevailing market practices and is determined primarily on the basis of performance and experience of each Director.

The Remuneration Committee held 2 meetings in the financial year ended 31 March 2011. The following is the attendance record of the meetings held by the Remuneration Committee for the year under review:

<b>Name of Committee Members</b>	<b>No. of Meetings</b>	
	<b>Attended/Held</b>	<b>Attendance Rate</b>
Mr Lu Fan ( <i>Chairman</i> )	2/2	100%
Dr Zhang Hongru	2/2	100%
Dr Zhou Yunxia	2/2	100%

During the year under review, the Remuneration Committee has, amongst others things, undertaken the following tasks:

1. considered and adopted the terms of reference for the Remuneration Committee to ensure compliance with the Listing Rules;
2. made recommendations to the Board regarding the Company's remuneration policy and for the formulation and review of the specific remuneration package of all Directors and senior management of the Company; and
3. considered and dealt with the matters of appointment, retirement and re-election of the Directors.

The Remuneration Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.



## Corporate Governance Report

### NOMINATION COMMITTEE

The Company has set up with written terms of reference a nomination committee (“Nomination Committee”) on 1 June 2009, whose members are Dr. Huang Zhijian, being an executive Director, Mr. Lu Fan and Dr. Zhou Yunxia, both being INEDs. Dr. Huang Zhijian is the chairman of the Nomination Committee. The terms of the Nomination Committee are consistent with the terms set up in the CG Code. The Nomination Committee is responsible for dealing with matters of appointment, retirement and re-election of the Directors. The Company’s nomination policy is in line with the prevailing market practices and is determined primarily on the basis of performance and experience of each Director.

During the year under review, the Nomination Committee had not held any meeting.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities by Directors of Listed Issuers” (“Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiries to all Directors, the Directors confirmed that they had complied with the required standards laid down in the Model Code throughout the year under review.

### DIRECTORS’ AND AUDITORS’ ACKNOWLEDGEMENT

The Audit Committee and the Board have reviewed the Company’s financial statements for the year under review. The Directors have acknowledged their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment for the Company’s performance, position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast doubt upon the Company’s ability to continue as a going concern.

East Asia Sentinel Limited, Certified Public Accountants and the auditors of the Company for the year have acknowledged their reporting responsibilities in the “Independent Auditors’ Report” on pages 22 to 23 of this Report.

### INTERNAL CONTROL

The Company exercises individual accountability, follows protocol and procedures, monitors investment progress, provides transparency and review risk assessment. This internal guideline serves as the reference for each Director. Decisions are made through majority vote. The Board has conducted an annual review of the effectiveness of the internal control systems of the Group, covering all material controls, including but not limited to financial, operation, compliance controls and risk management functions.

### INVESTMENT COMMITTEE

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

Name of Committee Members	No. of Meetings	
	Attended/Held	Attendance Rate
Mr Lee Tak Lun	31/31	100%
Ms Lee Wai Tsang, Rosa ( <i>Chairman</i> )	31/31	100%
Ms Chung Wing Han, Wendy	31/31	100%
Dr Huang Zhijian	31/31	100%



## Biographical Details of Directors

### EXECUTIVE DIRECTORS

#### Ms. Lee Wai Tsang, Rosa

Ms. Lee Wai Tsang, Rosa, aged 33, has been an executive Director since 1 June 2005. Prior to her appointment as an executive Director, Ms. Lee was an executive manager and a member of the Company's investment committee. Ms. Lee holds a bachelor degree from the University of Southern California. She also holds Master of Science in Finance from Boston College and MBA from University of Chicago. Ms. Lee has been working with the Company since its incorporation in April 2003 and overseeing the day-to-day investment, operation and administration of the Company. Ms. Lee is a licensed person for the regulated activities of dealing and advising in securities and asset management under the SFO. Ms. Lee is a director of GFG and several of its subsidiaries. She is also the corporate representative of Shanghai YiYa Investment Management Company Limited, which is a registered member of the Shanghai Gold Exchange. Ms. Lee had written for various financial journals and had been interviewed by numerous magazines and newspapers in Hong Kong. She is a member of the Tianjin Youth Federation, Tianjin Women Federation, director of Tianjin Oversea Friendship Association and director of the Jiangxi Overseas Friendship Association.

Ms. Lee is the granddaughter of Mr. Lee Woo Sing, the Chairman and the non-executive Director of the Company.

#### Dr. Huang Zhijian

Dr. Huang Zhijian, aged 65, has been an executive Director since 1 January 2007. Dr. Huang graduated from Tsinghua University in Beijing, the PRC. He received a Master of Science degree and a Doctor of Philosophy degree from the Institute of Science and Technology of the University of Manchester, and he had been lecturer at Tsinghua University during the period from 1984 to 1986. Dr. Huang had held senior executive and managerial positions in various companies since 1986 including China Resources Development and Investment Co., Ltd. Dr. Huang had served as a non-executive director of China Resources Peoples Telephone Company Limited, an executive director of Cosmos Machinery Enterprises Limited (stock code: 0118) and an independent non-executive director of Pine Technology Holdings Limited (stock code: 1079).

### NON-EXECUTIVE DIRECTOR

#### Mr. Lee Woo Sing

Mr. Lee Woo Sing, aged 83, has been a non-executive Director and the chairman of the Company since April 2003. Mr. Lee has over 60 years' experience in the finance industry. During the period from 1958 to 2003, Mr. Lee was one of the substantial shareholders and served on the senior management team of Shun Loong Group. During the period from 1995 to March 2003, Mr. Lee was a registered dealer with the SFC and a dealing director with the Stock Exchange respectively. He was also one of the Founding Committee Members of the Stock Exchange, the Financial Securities Advisor of Tianjin, the PRC and a member of the China National Committee of Pacific Economic Cooperation Business Forum. Mr. Lee is currently the Honorary Advisor to the Chinese Gold & Silver Exchange Society, the Honorary President of the Institute of Securities Dealers Limited, a member of the Board of FuDan University, a member of the Executive Committee of the Council of Chinese University of Hong Kong, Vice Chairman of the Board of Trustee at The Shaw College, Chinese University of Hong Kong, the Honorary Citizen of Tianjin, the PRC, the Honorary Chairman of the Native Friendship Association of Zhejiang Province, the Honorary Professor of Zhejiang University, the permanent Honorary Chairman of Shanghai Fraternity Association and the Honorary Chairman of Ning Po Residents Association. In 2010, Mr. Lee commemorated the Woo Sing College at the Chinese University of Hong Kong.

As at 31 March 2011, Mr. Lee had or was deemed under Part XV of the SFO to have a long position in 1,000,000 Shares by virtue of his controlling interest in Winrex International Limited and by which such 1,000,000 Shares were held. Save as disclosed, Mr. Lee did not have any interest in Shares within the meaning of Part XV of the SFO.



## Biographical Details of Directors

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### Mr. Lu Fan

Mr. Lu Fan, aged 55, is an independent non-executive Director since 1 June 2005. Mr. Lu graduated from the Academy of Finance, Hangzhou University, (now known as Zhejiang University). He was a researcher at the Zhejiang Academy of social science for the period from 1980 to 1993. Mr. Lu previously held managerial positions in Zhejiang Securities Co. Ltd. whose principal business was securities brokerage and had been an independent supervisor of Zhejiang Expressway Co., Ltd., a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0576) for the period from July 1997 to March 2003. He had also been the chief economist of the Zhejiang Huating Group Co., Ltd. since 2004.

#### Dr. Zhang Hongru

Dr. Zhang Hongru, aged 54, is an independent non-executive Director since 13 February 2004. Dr. Zhang held position as executive director and general manager of Tianjin Development Holdings Limited (stock code: 0882). Dr. Zhang is currently the vice general manager of Tianjin Automobile Group and the director and general manager of Tsinlien Group Company Limited. He is qualified as a senior economist and an attorney in the PRC. He is also a part-time professor of Nankai University, PRC.

#### Dr. Zhou Yunxia

Dr. Zhou Yunxia, aged 32, has been an independent non-executive Director since 1 June 2009. Dr. Zhou holds a Bachelor's Degree in Finance from the University of International Business and Economics, the PRC and the Degree of Doctor of Philosophy in Finance and Accounting from the National University of Singapore. Dr. Zhou is currently the Vice-President of the Corporate Finance Division of China Asean Resources Limited (Stock code: 8186), a company whose shares are listed on the Growth Enterprise Market operated by the Stock Exchange. She had been an Assistant Professor in Finance and Accounting in the Business School of the University of Queensland, Australia during the period from 2008 to 2009. She has over seven years' diverse financial knowledge and management experience in industry and government sectors with particular expertise in corporate finance projects, such as mergers and acquisitions and initial public offerings, capital market functions and investment relationship management. She had served as financial controller, financial and/or investment consultant for various international companies in the PRC and Singapore.



## Report of the Directors

The directors of the Company (the "Directors") of Grand Investment International Ltd. (the "Company") have pleasure in presenting their report and the audited financial statements of the Company for the year which were approved by the board of Directors on 10 June 2011.

### PRINCIPAL ACTIVITIES

The Company is an investment company incorporated on 15 April 2003 with limited liability as an exempted company in Bermuda. The Company is principally engaged in investing in listed and unlisted enterprises established in Hong Kong, the People's Republic of China and Macau with potential for earnings growth and capital appreciation. The Company's revenue for the year ended 31 March 2011 comprised of gains or loss from investments, interest earned from notes receivable and other sources.

### FINANCIAL RESULTS

The loss and cash flows of the Company for the year ended 31 March 2011 and the state of affairs of the Company as at 31 March 2011 are set out in the financial statements on pages 24 to 27.

### DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 March 2011 (2010: HK\$0.01 per ordinary Share amounted to a total dividend of HK\$1,728,000).

### ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 19 July 2011.

### FINANCIAL SUMMARY

A summary of the Company's results and assets and liabilities for the past five financial years are set out on page 58.

### RESERVES

Details of movements in reserves of the Company during the year are set out in the statement of changes in equity set out on page 26.

### TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

### SHARE CAPITAL

Details of movements in share capital during the year under review are set out in note 15 to the financial statements.

### PURCHASE, SALE OR REDEMPTION OF OWN SHARES

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





## Report of the Directors

### COMPETING INTERESTS

As at 31 March 2011, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business apart from the Company's business that competed or was likely to compete, either directly or indirectly, with the businesses of the Company.

### SHARE OPTION SCHEME

During the year, there were no share options granted under the share option scheme adopted by the Company on 2 April 2004. Details of the share option scheme are set out in note 23 to the financial statements.

### DIRECTORS

The Directors who held office during the year ended 31 March 2011 and up to the date of this report are:

#### 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

The terms of office for all Directors are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the bye-laws of the Company ("Bye-laws"). In accordance with Bye-Law 113(A) of the Bye-Laws, Ms. Lee Wai Tsang Rosa and Dr. Zhou Yunxia shall retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The Company has received annual confirmations of independence from Mr. Lu Fan, Dr. Zhang Hongru and Dr. Zhou Yunxia pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive Directors to be independent.

### SERVICE CONTRACTS

No Director proposed for re-election at the Annual General Meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation.

### INTERESTS IN CONTRACTS

No contract of significance to which the Company was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



## Report of the Directors

### DIRECTOR'S INTEREST IN SHARES

As at 31 March 2011, the interests and short positions of the Directors and their associates in the shares, underlying shares, and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Companies as contained in the Listing Rules, were as follows:

Name of Director	Name of company/ associated corporation	Capacity	Number of Shares	Approximate percentage of existing shareholding
Lee Woo Sing	the Company	Interest of a controlled corporation	1,000,000 (long position) (Note 5)	0.58%

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

### SUBSTANTIAL SHAREHOLDERS

As at 31 March 2011, as far as the Directors are aware:

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

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of existing shareholding
1. Optimize Capital Investments Limited ("Optimize Capital") (Note 1)	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%
			29.03%



## Report of the Directors

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of existing shareholding
3. Grand Finance Group Company Limited ("GFG")	Registered and 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 is 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.
- 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.
- 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.
- 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 the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of the Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 March 2011.



# Report of the Directors

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial parts of the business of the Company were entered into or existed during the year ended 31 March 2011 (the "Year").

## CONNECTED TRANSACTIONS

### Investment Management Agreements and Interim Investment Management Agreement

During the Year, the investment management services for the period from 1 April 2010 to 30 November 2010 were provided by AVANTA Investment Management Limited ("**AVANTA**") in the capacity of the Company's interim investment manager at an investment management fees of HK\$400,000 per annum and subject to and upon the terms of the interim investment management agreement dated 3 November 2009 ("**Interim Investment Management Agreement**") entered into between the Company and AVANTA.

AVANTA is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the transactions under the Interim Investment Management Agreement constituted continuing connected transactions for the Company. During the Year, the aggregate amount of investment management fees paid to AVANTA under the Interim Investment Management Agreement amounted to HK\$226,667, which fell below the de-minimis threshold under Rule 14A.33(3) of the Listing Rules.

Grand Investment (Securities) Limited ("**GIS**") resumed to act as the investment manager of the Company for the provision of investment management services to the Company on 1 December 2010 (as announced by the Company on 26 November 2010) at the investment management fees of HK\$200,000 per annum. The terms of appointment of GIS is governed by the investment management agreement dated 1 December 2010 ("**Investment Management Agreement**") entered into between the Company and GIS. As at 31 March 2011, the Company had investments in listed securities with fair value amounting to HK\$2,030,500 were pledged as collateral to GIS, to conduct option trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

GIS is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. GIS is wholly-owned by Grand Finance Group Company Limited, a substantial shareholder of the Company. Accordingly, the transactions under the Investment Management Agreement constituted continuing connected transactions for the Company. During the Year, the aggregate amount of investment management fees paid to GIS under the Investment Management Agreement amounted to HK\$96,000 which fell below the de-minimis threshold under Rule 14A.33(3) of the Listing Rules.

The independent non-executive Directors have reviewed the above continuing connected transaction for the Year and confirmed that the said transaction was conducted:

- (i) in the ordinary and usual course of its business;
- (ii) on normal commercial terms; and
- (iii) in accordance with the Investment Management Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.



## Report of the Directors

The auditors also confirmed that:

- (i) the transaction was approved by the board of directors of the Company;
- (ii) the transaction was entered into in accordance with the terms of the Investment Management Agreement; and
- (iii) the total investment manager fee paid by the Company in relation to the Investment Management Agreement do not exceed HK\$322,667.

### Custodian Agreement

The Company appointed DBS Bank Limited (“DBS”) as its custodian under a custodian agreement (“**DBS Custodian Agreement**”) that took effect from 1 December 2010 in respect of, among others, the safe custody of cash and documents of title, physical settlement of the securities in the investment portfolio of the Company and the collection of dividends and other entitlements in respect of such securities. The DBS Custodian Agreement would continue in full force until terminated by either the Company or DBS by giving to the other not less than three months’ advance notice in writing.

Pursuant to the DBS Custodian Agreement, a custody fee at the rate of 0.125% per annum of the average month-end balance, with minimum US\$500 per month, of the aggregate value of the investments (which was expected to be approximately HK\$20,000,000) deposited by the Company with DBS (subject to revision as notified by the DBS to the Company from time to time with the approval of the Company in accordance with the terms set out in the DBS Custodian Agreement) for the provision of securities is payable by the Company to DBS.

DBS is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the transactions under the DBS Custodian Agreement constituted continuing connected transactions for the Company.

During the Year, the aggregate amount of the custody fee paid to DBS under the DBS Custodian Agreement amounted to HK\$15,600 which fell below the de-minimis threshold under Rule 14A.33(3) of the Listing Rules.

During the Year, the custodian services for the period from 1 April 2010 to 30 November 2010 provided by the ex-custodian of the Company amounted to HK\$2,391 which fell below the de-minimis threshold under Rule 14A.33(3) of the Listing Rules.

In the opinion of the independent non-executive Directors, the transactions contemplated under the aforementioned Investment Management Agreement and the DBS Custodian Agreement are on normal commercial terms and were fair and reasonable as far as the shareholders of the Company are concerned.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the bye-laws of the Company although there are no restrictions against such rights under the laws of Bermuda.



## Report of the Directors

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of this Report, there was a sufficient public float of the total issued shares of the Company as prescribed under the applicable Listing Rules.

### AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the CG Code set out in Appendix 14 to the Listing Rules for the purpose of reviewing and providing supervision over the Company's financial reporting procedures and internal control system. The Audit Committee, comprising of the three independent non-executive Directors, had reviewed with the management the accounting principles and practices adopted by the Company and had discussed the auditing, internal control and financial reporting matters for the Year.

### CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in the CG Code during the Year, except for the deviations from code provision A.2.1 and A.4.1 which are explained on page 8 of the Corporate Governance Report.

### AUDITORS

The auditors, East Asia Sentinel Limited, Certified Public Accountants, were appointed as auditors of the Company for the Year. The financial statements of the Company for the Year have been audited by East Asia Sentinel Limited who retires and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of East Asia Sentinel Limited as auditors of the Company.

On behalf of the Board

**Lee Wai Tsang, Rosa**

*Executive Director*

Hong Kong, 10 June 2011



## Independent Auditors' Report



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

*Certified Public Accountants*

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### TO THE SHAREHOLDERS OF GRAND INVESTMENT INTERNATIONAL LTD.

*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements of the Grand Investment International Ltd. (the "Company") set out on pages 24 to 57, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Independent Auditors' Report

### OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2011 and of the Company's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### East Asia Sentinel Limited

#### V. Robert Law

*Director*

Practising Certificate Number P01355

Hong Kong

Date: 10 June 2011





## Statement of Comprehensive Income

(For the year ended 31 March 2011)

	NOTE	2011 HK\$'000	2010 HK\$'000
GAIN ON INVESTMENTS	6	44	6,133
OTHER REVENUES	6	2,394	1
ADMINISTRATIVE EXPENSES		(3,620)	(3,754)
(LOSS)/PROFIT BEFORE TAXATION	7	(1,182)	2,380
TAXATION	8(a)	—	1,378
(LOSS)/PROFIT FOR THE YEAR		(1,182)	3,758
OTHER COMPREHENSIVE INCOME		—	—
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(1,182)	3,758
DIVIDENDS	20	—	1,728
(LOSS)/EARNINGS PER SHARE	21		
Basic:			
For (loss)/profit for the year		(HK\$0.01)	HK\$0.02
Diluted:			
For (loss)/profit for the year		N/A	N/A

The notes on pages 28 to 57 form an integral part of these financial statements.



# Statement of Financial Position

(As of 31 March 2011)

	NOTE	2011 HK\$'000	2010 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	10	<b>42,177</b>	39,843
<b>CURRENT ASSETS</b>			
Investments at fair value through profit or loss	11	<b>7,454</b>	14,660
Deposits, other receivables and prepayments	12	<b>354</b>	494
Cash and cash equivalents	13	<b>4,982</b>	3,350
<b>TOTAL CURRENT ASSETS</b>		<b>12,790</b>	18,504
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	14	<b>198</b>	2,396
<b>TOTAL CURRENT LIABILITIES</b>		<b>198</b>	2,396
<b>NET CURRENT ASSETS</b>		<b>12,592</b>	16,108
<b>NET ASSETS</b>		<b>54,769</b>	55,951
<b>EQUITY</b>			
Share capital	15	<b>17,280</b>	17,280
Reserves	16	<b>37,489</b>	38,671
<b>TOTAL EQUITY</b>		<b>54,769</b>	55,951
<b>NET ASSET VALUE PER SHARE</b>	19	<b>HK\$0.32</b>	HK\$0.32

**Lee Wai Tsang, Rosa**  
Director

**Huang Zhijian**  
Director

The notes on pages 28 to 57 form an integral part of these financial statements.



## Statement of Changes in Equity

(For the year ended 31 March 2011)

	Share capital HK\$'000	Share premium HK\$'000	(Accumulated losses)/ Retained profits HK\$'000	Total HK\$'000
YEAR ENDED 31 MARCH 2010				
At 1 April 2009	17,280	37,786	(1,145)	53,921
<b>Total comprehensive income</b>				
Net profit for the year	—	—	3,758	3,758
Final dividend proposed ( <i>note 20</i> )	—	—	(1,728)	(1,728)
At 31 March 2010	<b>17,280</b>	<b>37,786</b>	<b>885</b>	<b>55,951</b>
YEAR ENDED 31 MARCH 2011				
At 1 April 2010	<b>17,280</b>	<b>37,786</b>	<b>885</b>	<b>55,951</b>
<b>Total comprehensive loss</b>				
Net loss for the year	—	—	(1,182)	(1,182)
At 31 March 2011	<b>17,280</b>	<b>37,786</b>	<b>(297)</b>	<b>54,769</b>

The notes on pages 28 to 57 form an integral part of these financial statements.



## Statement of Cash Flows

(For the year ended 31 March 2011)

	2011 HK\$'000	2010 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	<b>(1,182)</b>	2,380
Adjustments for:		
Interest received	<b>(54)</b>	(1)
Unrealised loss/(gain) of investments at fair value through profit or loss	<b>915</b>	(2,178)
Operating (loss)/profit before changes in working capital	<b>(321)</b>	201
Decrease/(increase) in investments at fair value through profit or loss	<b>6,291</b>	(3,509)
(Increase) in available-for-sale investments	<b>(2,334)</b>	(3,891)
Decrease/(increase) in deposits, other receivables and prepayments	<b>140</b>	(9)
(Decrease)/increase in other payables and accruals	<b>(470)</b>	511
Cash generated from/(used in) operations	<b>3,306</b>	(6,697)
Income tax refund	<b>—</b>	1,378
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>3,306</b>	(5,319)
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Interest received	<b>54</b>	1
<b>NET CASH GENERATED FROM INVESTING ACTIVITY</b>	<b>54</b>	1
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Cash dividends paid	<b>(1,728)</b>	—
<b>NET CASH (USED IN) FINANCING ACTIVITY</b>	<b>(1,728)</b>	—
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,632</b>	(5,318)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>3,350</b>	8,668
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>4,982</b>	3,350
<b>ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>2,438</b>	3,350
Short-term deposit with original maturity within three months	<b>2,544</b>	—
	<b>4,982</b>	3,350

The notes on pages 28 to 57 form an integral part of these financial statements.



# Notes to the Financial Statements

(For the year ended 31 March 2011)

## 1. GENERAL INFORMATION

Grand Investment International Ltd. (the “Company”) is a limited company incorporated in Bermuda on 15 April 2003 as an exempted company.

The Company is principally engaged in investing in listed and unlisted enterprises established in Hong Kong, the People’s Republic of China and Macau.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 2 April 2004.

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

The principal place of business of the Company is Unit A, 2nd Floor, 269–277 Queen’s Road, Central, Hong Kong.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”), and Interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with applicable disclosure provisions of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The financial statement have been prepared under the historical cost convention, except that available-for-sale financial assets and investments at fair value through profit or loss are stated at fair value as explained in the accounting policies set out below.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

### (a) Amendments and interpretations to existing standards effective for the Company’s annual financial year beginning on 1 April 2010 and relevant to the Company

The “Improvements to HKFRSs (2009)” comprises a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. The impact of these amendments is not considered to be material to the Company and have not resulted in changes to the Company’s accounting policies.



# Notes to the Financial Statements

(For the year ended 31 March 2011)

## 2. BASIS OF PREPARATION *(continued)*

### (b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

Certain new standards, amendments and interpretations to existing standards (collectively, the "Amendments") have been published that are mandatory for accounting financial periods beginning on or after 1 January 2011. Some of the Amendments are relevant and applicable to the Company; however, they have not been early adopted in these financial statements. The Company has commenced, but not yet completed, an assessment of the impact of the applicable Amendments on its results of operations and financial position. The impact on the financial statements would not be significant other than certain additional disclosures.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

### (b) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (c) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Company transfers substantially all the risks and rewards of ownership of the assets; or the Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the statement of comprehensive income.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

#### (i) Loans and receivables

Loans and receivables, including trade and other receivables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, unless the discounting effect would be immaterial, in which case they are stated at cost. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

#### (ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. At each financial report period end subsequent to initial recognition, available-for-sale financial assets are measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of comprehensive income with other revenue, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the statement of comprehensive income. Administrative expenses and removed from the available-for-sale investment valuation reserve. When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (c) Financial instruments *(continued)*

##### (iii) Investments at fair value through profit or loss

Investments at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. Investments at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged in the statement of comprehensive income. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in the statement of comprehensive income within gain/(loss) on investment in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as income when the Company's right to receive payments is established.

#### (d) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each financial year end.

#### (e) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

#### (f) Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the discounting effect would be immaterial, in which case they are stated at cost. They are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability at least 12 months after the end of the reporting period.

#### (g) Provision

Provisions are recognised when the Company has a present legal or constructive obligation where, as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.





## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (h) Income tax

The tax expense for the year comprises current income tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (i) Employee benefits

##### Pension obligation

The Company operates a defined contribution retirement scheme under a mandatory provident fund scheme ("MPF scheme") in Hong Kong for its employees in Hong Kong, the assets of which are held in separate trustee-administered funds. The Company's contributions to the MPF scheme are based on a fixed percentage of the employees' relevant income per month.



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (j) Revenue recognition

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

Profits on disposal of securities are recognised upon the completion of securities sale contract.

Interest income is recognised on a time proportion basis.

Dividend income from listed and unlisted investments is recognised when the shareholders' right to receive payment has been established.

Unrealised gain on investments is recognised when the fair value of the investments is above the carrying value of the investments at the end of reporting period.

#### (k) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

#### (l) Related parties

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

- (i) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Company; (ii) has an interest in the Company that gives it significant influence over the Company; or (iii) has joint control over the Company;
- (ii) the party is an associate;
- (iii) the party is a joint-controlled entity;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of the employees of the Company or of any entity that is a related party of the Company.

#### (m) Dividend distribution

Dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholder.



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Income taxes

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

#### (ii) Impairment of available-for-sale financial assets

The Company follows the guidance of HKAS 39 when determining whether an investment in available-for-sale financial assets is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the expected time span the Company will hold on to this investment.

### 5. SEGMENT REPORTING

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



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 6. GAIN ON INVESTMENTS AND OTHER REVENUES

The Company's gain on investments and other revenue recognised during the year are as follows:

	2011 HK\$'000	2010 HK\$'000
GAIN ON INVESTMENTS		
Net unrealised (loss)/gain on investments		
at fair value through profit or loss	(915)	2,178
Net realised gain on disposal on investments		
at fair value through profit or loss	701	3,869
Dividend income from listed securities	204	72
Interest income from bond	54	14
	44	6,133
OTHER REVENUES		
Bank interest income	—	1
Distribution income from limited partnership	2,394	—
	2,394	1
Total gain on investment and other revenues	2,438	6,134

### 7. (LOSS)/PROFIT BEFORE TAXATION

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

	2011 HK\$'000	2010 HK\$'000
Auditors' remuneration		
— Current year	160	148
Investment manager fee	322	310
Net foreign exchange gain	—	(17)
Operating lease payments	1,100	1,104
Staff costs (excluding directors' emoluments)	166	—



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 8. TAXATION

(a) Taxation in the statement of comprehensive income represents:

	2011 HK\$'000	2010 HK\$'000
Hong Kong Profits Tax		
— Over-provision for prior year	—	1,378
	—	1,378

No provision for Hong Kong profits tax has been made in the financial statements as the Company has no assessable profit derived from its operation for the year (2010: Nil).

(b) As at 31 March 2011, the Company had an unrecognised deferred tax asset of approximately HK\$2,548,000 (2010: HK\$2,311,000) which mainly represents the full tax effect of timing differences arising from accumulative tax losses carried forward. This assets has not been recognised in the financial statements as, in the opinion of directors, it is not probable to determine that this asset can be utilised in the foreseeable future. These unused tax losses have no expiry date.

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

	2011 HK\$'000	2010 HK\$'000
(Loss)/profit before taxation	<b>(1,182)</b>	2,380
Notional tax on (loss)/profit before taxation	<b>(195)</b>	392
Over-provision for prior year	—	(1,378)
Tax loss utilised from previous period	—	(390)
Tax loss not recognised	<b>238</b>	—
Tax effect of non-taxable income	<b>(43)</b>	(2)
Total income tax (credit)	—	(1,378)



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 9. DIRECTORS' EMOLUMENTS

(a) Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance:

	2011 HK\$'000	2010 HK\$'000
Other emolument to independent non-executive directors		
– Directors' fees	75	71
– Management bonus	–	60
Management bonus to the non-executive director	–	20
Other emolument to executive directors		
– Salaries and benefits in kind	690	988
– Retirement benefit scheme contributions	18	18
	<b>783</b>	1,157

The emoluments of each director, on a named basis, for the year ended 31 March 2011 are set out below:

	Directors' fees HK\$'000	Salaries and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Lee Wai Tsang, Rosa	–	570	12	582
Huang Zhijian	–	120	6	126
<i>Non-executive Director</i>				
Lee Woo Sing	–	–	–	–
<i>Independent Non-executive Directors</i>				
Lu Fan	25	–	–	25
Zhang Hongru	25	–	–	25
Zhou Yunxia	25	–	–	25
	<b>75</b>	<b>690</b>	<b>18</b>	<b>783</b>



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 9. DIRECTORS' EMOLUMENTS (continued)

#### (a) (continued)

The emoluments of each director, on a named basis, for the year ended 31 March 2010 are set out below:

	Directors' fees HK\$'000	Salaries and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Lee Wai Tsang, Rosa	—	736	12	748
Huang Zhijian	—	212	6	218
Lee Tak Lun (note i)	—	20	—	20
Chung Wing Han, Wendy (note i)	—	20	—	20
<i>Non-executive Director</i>				
Lee Woo Sing	—	20	—	20
<i>Independent Non-executive Directors</i>				
Lu Fan	25	20	—	45
Zhang Hongru	25	20	—	45
Zhou Yunxia (note ii)	21	20	—	41
	71	1,068	18	1,157

Note (i): Mr. Lee Tak Lun and Ms. Chung Wing Han, Wendy were resigned on 1 June 2009.

Note (ii): Ms. Zhou Yunxia was appointed on 1 June 2009.

During the year, there was no arrangement under which a director waived or agreed to waive any remuneration. No emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Company or as compensation for loss of office (2010: Nil).



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 9. DIRECTORS' EMOLUMENTS *(continued)*

#### (b) Five highest paid employees' remuneration

The five highest paid employees during the year included four (2010: five) directors, details of whose remuneration are set out in (a) above. Details of the remuneration of the remaining one (2010: Nil) non-director, highest paid employee for the year are as follows:

	2011 HK\$'000	2010 HK\$'000
Salaries, allowances and benefits in kind	881	1,019
Retirement benefit scheme contributions	25	18
	<b>906</b>	1,037

The number of non-director and the highest paid employee whose remuneration fell within the following bands is as follows:

	Number of employees	
	2011	2010
Nil to HK\$500,000	4	4
HK\$500,001 to HK\$1,000,000	1	1
	<b>5</b>	5

During the year, no share options were granted to any of these directors or the highest paid employee in respect of their services to the Company.





## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 10. AVAILABLE-FOR-SALE INVESTMENTS

	2011 HK\$'000	2010 HK\$'000
Investment securities, at cost:		
Equity securities, unlisted shares ( <i>note (a)</i> )	<b>18,787</b>	18,787
Less: impairment loss	—	—
	<b>18,787</b>	18,787
Investments in limited partnerships, at cost ( <i>note (b)</i> )	<b>23,390</b>	21,056
Less: impairment loss	—	—
	<b>23,390</b>	21,056
Total	<b>42,177</b>	39,843

#### (a) Equity securities

The equity securities represent investments in unlisted equity shares issued by private enterprises in the PRC.

There is no active market for these equity securities as the companies are privately held. The fair value of these equity securities are determined firstly by reference to the investment considerations, which were negotiated at arm's length between the directors and the investee companies. In addition, the directors have been apprised with the development of the investee companies of the future growth potential and the prospective growth of the value of the shares. On account of such analysis, the directors consider that there have not been any material changes to the equity securities that would lead to a change in the fair value of these available-for-sale investments from the dates of their acquisition to 31 March 2011. There is therefore no revaluation difference to be recognised in these financial statements and no impairment provision was required to be made as at 31 March 2011.

## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 10. AVAILABLE-FOR-SALE INVESTMENTS (continued)

#### (a) Equity securities (continued)

Particulars of the equity securities as at the end of reporting period are as follows:

Name of issuer	Nature of Business	No. of share held	Equity Interest held (%)	2011 Cost less impairment HK\$'000	2010 Cost less impairment HK\$'000
Tianjin Yishang Friendship Holding Company Limited	Operation of department stores and home retail shops	8,711,965 (2010: 8,711,965)	3.96% (2010: 3.96%)	<b>9,434</b>	9,434
Joyport Holdings Limited	Online game development, distribution and operation	1,231,600 (2010: 1,231,600)	1.48% (2010: 1.48%)	<b>1,551</b>	1,551
Lot Software Systems International Limited	Provision of services on application software project developer and product research	1,429 (2010: 1,429)	8.84% (2010: 8.84%)	<b>7,802</b>	7,802
				<b>18,787</b>	18,787

A brief description of the business information of the equity securities is as follows:

#### Tianjin Yishang Friendship Holdings Company Ltd (“Tianjin Yishang”)

Tianjin Yishang is a sino-foreign enterprise incorporated in the PRC on 6 January 2006 under a re-organisation whereby the shares of Tianjin Yishang Development Company Limited, a stated-owned enterprise in the PRC, were injected into Tianjin Yishang. The business activities of Tianjin Yishang and its subsidiaries and branches are to operate department stores in Tianjin area.

#### Joyport Holdings Limited (“Joyport”)

Joyport is a limited liability company registered in 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. The company is focused on the Massive Multiplayer Online Role-Playing Games (“MMORPG”), which can support more than 10,000 concurrent players together at the same time.



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 10. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

#### (a) Equity securities *(continued)*

##### Lot Software Systems International Limited ("Lot Software")

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

#### (b) Investments in limited partnerships

There is no active market for the investment as the interest in the limited partnership is privately held. The fair values of these investments are determined firstly by reference to the investment considerations, which were negotiated at arm's length between the general partners and the third parties. In addition, the directors have been apprised with the development of the limited partnership, of its future growth potential, and the prospective growth of the value of the investment in the limited partnership. On account of such analysis, the directors consider that there have not been any material changes to the equity securities that would lead to a change in the fair value of these available-for-sale investments from the dates of their acquisition to 31 March 2011.

Particulars of the limited partnership are as follows:

Name of limited partnerships	Nature of Business	Percentage of interest held (%)	2011 Cost less impairment HK\$'000	2010 Cost less impairment HK\$'000
CMHJ Technology Fund II, L.P ("CMHJ")	Investing in equity securities of privately held companies in the technologies enabled services and products industries	2.84% (2010: 2.83%)	11,694	9,360
LCF Macau Co-Investors., L.P. ("LCF")	Investing in real estate in Macau	1.94% (2010: 1.94%)	11,696	11,696
			<b>23,390</b>	21,056



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 10. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

#### (b) Investments in limited partnerships *(continued)*

A brief description of the business information of the limited partnerships is as follows:

##### CMHJ TECHNOLOGY FUND II, L.P (“CMHJ”)

CMHJ is a limited partnership registered pursuant to the Exempted Limited Partnership Law of the Cayman Islands on 28 September 2005. The principal activity of CMHJ is to make venture capital investments, principally by investing in and holding equity and equity-oriented securities of privately held early stage to Pre-IPO companies in the technology-enabled services and products industries with markets and/or operations in Mainland China.

##### LCF MACAU CO-INVESTORS, L.P (“LCF”)

LCF is a limited partnership organised pursuant to the provisions of the Partnership Act 1996 of the British Virgin Islands. LCF is primary to invest in real estate in Macau and to realise capital appreciation from the sales of the properties.

### 11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011 HK\$'000	2010 HK\$'000
Equity securities listed in Hong Kong, at fair value <i>(note (a))</i>	6,609	13,815
Investment in straight bond, at fair value <i>(note (b))</i>	845	845
	<b>7,454</b>	14,660

At the end of the reporting period, the Company's investment in listed securities designated as investments at fair value through profit or loss with fair value amounting to HK\$2,030,500 (2010: Nil) were pledged as collateral to a related company, Grand Investment (Securities) Limited (“GIS”), to conduct option trading on the Stock Exchange.



## Notes to the Financial Statements

(For the year ended 31 March 2011)

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

#### (a) Equity securities listed in Hong Kong, at fair value

Particulars of the equity securities are as follows:

At 31 March 2011

Name of invested company	Place of incorporation	Number of shares	Percentage of interest held (%)	Cost	Market	Unrealised
				HK\$'000	value HK\$'000	(loss)/gain arising on revaluation HK\$'000
HSBC Holdings plc	England	2,000	Less than 0.1%	172	164	(8)
China Everbright Limited	Hong Kong	70,000	Less than 0.1%	1,456	1,220	(236)
China Life Insurance Company Limited	The People's Republic of China	45,000	Less than 0.1%	1,639	1,314	(325)
China Mobile Limited	Hong Kong	20,000	Less than 0.1%	1,570	1,433	(137)
Far East Global Group Limited	Cayman Islands	750,000	Less than 0.1%	915	765	(150)
Tencent Holdings Limited	Cayman Islands	2,000	Less than 0.1%	398	379	(19)
Xinhua A50 China Index ETF	Hong Kong	100,000	Less than 0.1%	1,374	1,334	(40)
				7,524	6,609	(915)

## Notes to the Financial Statements

(For the year ended 31 March 2011)

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

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

At 31 March 2010

Name of invested company	Place of incorporation	Number of shares	Percentage of interest held (%)	Cost HK\$'000	Market value HK\$'000	Unrealised gain/(loss) arising on revaluation HK\$'000
HSBC Holdings plc	England	7,120	Less than 0.1%	545	563	18
China Everbright Limited	Hong Kong	100,000	Less than 0.1%	1,204	2,080	876
China Life Insurance Company Limited	The People's Republic of China	33,000	Less than 0.1%	1,174	1,228	54
China Mobile Limited	Hong Kong	15,000	Less than 0.1%	1,099	1,121	22
Far East Global Group Limited	Cayman Islands	1,000,000	Less than 0.1%	1,193	1,220	27
Xinhua A50 China Index ETF	Hong Kong	260,000	Less than 0.1%	2,756	3,572	816
China Construction Bank Corporation	The People's Republic of China	200,000	Less than of 0.1%	1,186	1,272	86
China Shenhua Energy Company Limited	The People's Republic of China	50,000	Less than 0.1%	1,440	1,678	238
China Petroleum & Chemical Corporation	The People's Republic of China	170,000	Less than 0.1%	1,040	1,081	41
				11,637	13,815	2,178



## Notes to the Financial Statements

(For the year ended 31 March 2011)

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

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

A brief description of the business information of the invested companies, based on their latest published annual or interim reports, is as follows:

##### **HSBC Holdings plc ("HSBC")**

HSBC is primarily engaged in provision of a comprehensive range of banking and related financial services through an international network in the Asia-Pacific region, Europe, the Americas, the Middle East and Africa.

The profit attributable to shareholders of HSBC for the year ended 31 December 2010 was approximately US\$13,159,000,000. As at 31 December 2010, the net asset value of HSBC was approximately US\$147,667,000,000.

During the year, the Company received total dividend equivalents to HK\$10,099 from HSBC Holding plc.

##### **China Everbright Limited ("China EB")**

China EB is primarily engaged in provision financial services and investment holding.

The profit attributable to shareholders of China EB for the year ended 31 December 2010 was approximately HK\$1,927,207,000. As at 31 December 2010, the net asset value of China EB was approximately HK\$28,140,623,000.

During the year, the Company received cash dividend of HK\$33,000 from China EB.

##### **China Life Insurance Company Limited ("China Life")**

China Life is primarily engaged in providing life annuities, accident and health insurance products in China.

The profit attributable to shareholders of China Life for the year ended 31 December 2010 was approximately RMB32,626,000,000. As at 31 December 2010, the net asset value of China Life was approximately RMB208,710,000,000.

During the year, the Company received cash dividend of HK\$23,694 from China Life.

##### **China Mobile Limited ("China Mobile")**

China Mobile is primarily engaged in provision of mobile communications and related services in PRC.

The profit attributable to shareholders of China Mobile for the year ended 31 December 2010 was approximately RMB119,640,000,000. As at 31 December 2010, the net asset value of China Mobile was approximately RMB576,157,000,000.

During the year, the Company received cash dividend of HK\$19,683 from China Mobile.



## Notes to the Financial Statements

(For the year ended 31 March 2011)

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

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

##### Far East Global Group Limited ("Far East Global")

Far East Global is primarily engaged in providing one-stop building façade solutions for high-end property development projects.

The profit attributable to shareholders of Far East Global for the year ended 31 December 2010 was approximately HK\$110,113,000. As at 31 December 2010, the net asset value of Far East Global was approximately HK\$513,978,000.

During the year, the Company received cash dividend of HK\$10,268 from Far East Global.

##### Tencent Holdings Limited ("Tencent")

Tencent is primarily engaged in provision of internet value-added services, mobile and telecommunications value-added services and online advertising services.

The profit attributable to shareholders of Tencent for the year ended 31 December 2010 was approximately RMB8,053,625,000. As at 31 December 2010, the net asset value of Tencent was approximately RMB21,756,946,000.

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

##### iShares FTSE/Xinhua A50 China Index ETF ("Xinhua A50")

Xinhua A50 is primarily invest in access products linked to the Chinese A-Share market.

The profit attributable to unitholders of Xinhua A50 for the year ended 31 December 2010 was approximately HK\$9,823,000,000. As at 31 December 2010, the net asset value of Xinhua A50 was approximately HK\$52,072,000,000.

During the year, the Company received cash dividend of HK\$12,984 from Xinhua A50.

#### (b) Investment in straight bond

The effective interest rate on straight bonds is 7% per annum and mature until 3 May 2011.





## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 12. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2011 HK\$'000	2010 HK\$'000
Deposits and other receivables	171	312
Prepayments	183	182
	<b>354</b>	494

The carrying amounts of deposits and other receivables approximate their fair values as at 31 March 2011 and 2010. The Company does not hold any collateral over these balances.

The deposits and other receivables do not contain impaired assets.

The carrying amounts of the Company's deposits and other receivables are denominated in the Hong Kong dollars.

### 13. CASH AND CASH EQUIVALENTS

	2011 HK\$'000	2010 HK\$'000
Cash and bank balances	2,438	3,350
Short-term bank deposits	2,544	—
	<b>4,982</b>	3,350
Maximum exposure to credit risk	<b>4,982</b>	3,350

The effective interest rate of the short-term deposits of the Company with original maturities within three months at 31 March 2011 was 0.15% per annum.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2011 HK\$'000	2010 HK\$'000
Hong Kong dollars	2,619	3,321
United States dollars	2,363	29
	<b>4,982</b>	3,350



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 14. OTHER PAYABLES AND ACCRUALS

	2011 HK\$'000	2010 HK\$'000
Other payables and accruals	<b>198</b>	2,396

The carrying amounts of other payables and accruals approximate their fair values as at 31 March 2011 and 2010 and are denominated in Hong Kong dollars.

### 15. SHARE CAPITAL

	2011 HK\$'000	2010 HK\$'000
Authorised: 1,000,000,000 ordinary shares of HK\$0.10 each	<b>100,000</b>	100,000
Issue and fully paid: 172,800,000 ordinary shares of HK\$0.10 each	<b>17,280</b>	17,280

### 16. RESERVES

	Share premium HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000
At 1 April 2009	37,786	(1,145)	36,641
Total comprehensive income			
Net profit for the year	—	3,758	3,758
Dividend proposed ( <i>note 20</i> )	—	(1,728)	(1,728)
At 31 March 2010	37,786	885	38,671
Total comprehensive loss			
Net loss for the year	—	(1,182)	(1,182)
<b>At 31 March 2011</b>	<b>37,786</b>	<b>(297)</b>	<b>37,489</b>

#### (i) Share premium reserve

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 17. CAPITAL MANAGEMENT

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

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

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

### 18. COMMITMENTS

#### (a) Operating lease commitments

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

	2011 HK\$'000	2010 HK\$'000
Not later than one year	664	577
In second to fifth years inclusive	—	—
	<b>664</b>	<b>577</b>

#### (b) Capital commitment

The Company's capital commitment at the end of reporting period is as follows:

	2011 HK\$'000	2010 HK\$'000
Contracted but not provided for Capital contributed to a limited partnership	<b>3,906</b>	6,240

### 19. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$54,769,000 at 31 March 2011 (2010: HK\$55,951,000) and the 172,800,000 ordinary shares in issue as at 31 March 2011 (2010: 172,800,000 ordinary shares).

### 20. DIVIDENDS

The directors of the Company ("Directors") do not recommend the payment of a dividend for the year ended 31 March 2011 (2010: HK\$0.01 per ordinary Share, amount to a total dividend of HK\$1,728,000).



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 21. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share is based on the net loss attributable to the shareholders for the year ended 31 March 2011 of HK\$1,182,000 (2010: a net earnings of HK\$3,758,000) and the weighted average of 172,800,000 ordinary shares in issue during the year ended 31 March 2011 (2010: weighted average of 172,800,000 ordinary shares in issue). The Company has no potential dilutive ordinary shares that were outstanding during the year.

### 22. RELATED PARTY TRANSACTIONS

During the year, saved for those parties referred to the connected transactions in the report of the Directors and disclosed elsewhere in note 11, the Company traded listed securities through a securities account maintained with a related company, Grand Investment (Securities) Limited ("GIS"), in which the Director, Mr. Lee Woo Sing, has beneficial interests.

Details of related party transactions as below:

	2011 HK\$'000	2010 HK\$'000
Investment manager fee paid to a related company	96	168

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

### 23. SHARE OPTION SCHEME

The following is a summary of the pertinent terms of the share option scheme.

The purpose of the share option scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company, if any.

The directors may, at their absolute discretion, grant options to any employee, any executive or nonexecutive directors, any persons that provides research, development or other technological support to the Company, any shareholder, any advisor or consultant, and or any joint venture partner or business alliance that co-operates with the Company.

#### (i) Maximum number of the shares

- (a) The maximum number of shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30 percent of the share capital of the Company in issue from time to time.
- (b) The total number of shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the share option scheme and any other share option scheme(s) of the Company) to be granted under the share option scheme and any other share option scheme(s) of the Company must not in aggregate exceed 10 percent of the shares in issue ("General Scheme Limit").



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 23. SHARE OPTION SCHEME *(continued)*

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

- (c) Subject to (a) above and without prejudice to (d) below, the Company may seek approval of the shareholders in general meeting to refresh the General Scheme Limit provided that the total number of shares which may be allotted and issued upon the exercise of all options to be granted under the share option scheme and any other share option scheme(s) of the Company must not exceed 10 percent of the shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the share option scheme and any other share option scheme(s) of the Company) previously granted under the share option scheme and any other share option scheme(s) of the Company will not be counted.
- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate approval of the shareholders in general meeting to grant options under the share option scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by the Company before such approval is sought.

#### (i) **Maximum entitlement of each participant**

The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the share option scheme and any other share option scheme(s) of the Company (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1 percent of the issued share capital of the Company for the time being.

#### (ii) **Grant of options to connected persons**

Any grant of options under the share option scheme to a director, chief executive or substantial shareholder or any of their respective associates must be approved by the independent non-executive directors.

Certain grant of options to a substantial shareholder or an independent non-executive Director, must be approved by the shareholders in general meeting.

#### (iii) **Time of acceptance and exercise of option**

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. The maximum period that an option may be exercised from the time it is granted is 10 years. There is no minimum period required under the share option scheme for the holding of an option before it can be exercised.

#### (iv) **Performance targets**

No performance targets are specifically stipulated under the share option scheme.

#### (v) **Subscription price for the shares**

The subscription price for the shares under the share option scheme shall be a price determined by the directors but shall not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade on the date of the offer of grant which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (c) the nominal value of the shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 23. SHARE OPTION SCHEME *(continued)*

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

(d) *(continued)*

##### (vi) Restrictions on the time of grant of options

No offer for the grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirement of the Listing Rules.

##### (vii) Period of the share option scheme

The share option scheme will remain in force for a period of 10 years commencing on the date on which the share option scheme becomes unconditional.

##### (viii) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, sub-division or consolidation of the shares or reduction of capital of the Company whilst an option remains exercisable such corresponding alterations, if any, certified by the auditors for the time being or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of the shares the subject matter of the share option scheme and the option granted and so far as granted and unexercised and/or the subscription price.

##### (ix) Termination of the share option scheme

The Company may by resolution at general meeting at any time terminate the operation of the share option scheme and in such event no further options shall be offered.

##### (x) Lapse of option

An option shall lapse automatically on the earliest of the expiry of the period referred to in paragraph (iv) and the expiry of the periods or dates of the following:

- Cessation of employment of a grantee;
- Death, ill-health, or retirement of a grantee;
- Dismissal of a grantee;
- Breach of contract by a grantee;
- Holder of the Shares accepting a general offer, a compromise, or arrangement; and
- The Company undergoing a voluntary winding-up.

None of employees were granted share option by the Company during the year.



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 24. FINANCIAL INSTRUMENT BY CATEGORY

#### Financial assets as at 31 March 2011

	Investments at fair value through profit or loss HK\$'000	Loans and receivables HK\$'000	Available- for-sale financial assets HK\$'000	Total HK\$'000
Unlisted equity investments	—	—	42,177	42,177
Listed equity investments	7,454	—	—	7,454
Deposits and other receivables	—	171	—	171
Cash and cash equivalents	—	4,982	—	4,982
	<b>7,454</b>	<b>5,153</b>	<b>42,177</b>	<b>54,784</b>

#### Financial assets as at 31 March 2010

	Investments at fair value through profit or loss HK\$'000	Loans and receivables HK\$'000	Available- for-sale financial assets HK\$'000	Total HK\$'000
Unlisted equity investments	—	—	39,843	39,843
Listed equity investments	14,660	—	—	14,660
Deposits and other receivables	—	312	—	312
Cash and cash equivalents	—	3,350	—	3,350
	<b>14,660</b>	<b>3,662</b>	<b>39,843</b>	<b>58,165</b>



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 24. FINANCIAL INSTRUMENT BY CATEGORY *(continued)*

#### Financial liabilities as at 31 March 2011

	Financial liabilities at amortised cost HK\$'000
Other payables and accruals	198

Financial liabilities as at 31 March 2010

	Financial liabilities at amortised cost HK\$'000
Other payables and accruals	2,396

### 25. FINANCIAL RISK MANAGEMENT

The main risks arising from the Company's financial instruments are credit risks, foreign exchange risks, liquidity risk, equity price risks and interest rate risks. The directors meet periodically to analyse and formulate measures to manage the Company's exposure to these risks. Generally, the Company introduces conservative strategies on its risk management. The directors review and agree policies for managing each of these risks and they are summarised as follows:

#### (i) Credit risks

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

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

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

The Company has no significant concentration of credit risk.

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





## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 25. FINANCIAL RISK MANAGEMENT *(continued)*

#### (ii) Foreign exchange risk

Foreign exchange risk arises when commercial transactions, assets or liabilities are denominated in a currency that is not the functional currency of the Company. The Company operates mainly in Hong Kong and is exposed to foreign currency exchange rate risk arising from various foreign currency exposures, primarily with respect to United States dollars and Renminbi.

The directors of the opinion that the Hong Kong dollars are reasonably stable with the United States dollars under the Linked Exchange Rate System, and accordingly, no sensitivity analysis of United States dollars with respect to Hong Kong dollars is performed. Further, of the view that portfolio in listed and unlisted securities, only one investment in a non-listed security uses Renminbi as its functional currency. The directors of the Company are of the opinion that the Company has minimal exposure to foreign currency exchange rate risk. Accordingly, no sensitivity analysis is performed.

#### (iii) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash and bank deposits to meet liquidity requirements in the short and longer term. The directors are of the opinion that the Company does not have significant liquidity risk.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2011 HK\$'000	2010 HK\$'000
Less than one year		
— Other payables and accruals	198	2,396

#### (iv) Equity price risk

Equity price risk is the risk that the fair values of equity securities decreases as a result of changes in the levels of equity indices and the value of individual securities. The Company is exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through profit or loss (note 11) as at 31 March 2011. The Company's listed investments are listed on the Hong Kong Stock Exchange, and are valued at quoted market price as of the end of reporting period.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the reporting period end, and their respective highest and lowest points during the year were as follows:

	31 March 2011	High/low 2011	31 March 2010	High/low 2010
Hong Kong — Hang Seng Index	23,527	24,946/ 18,985	21,239	22,943/ 13,519



## Notes to the Financial Statements

(For the year ended 31 March 2011)

### 25. FINANCIAL RISK MANAGEMENT (continued)

#### (iv) Equity price risk (continued)

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts as at 31 March 2011.

	Carrying amount of equity investment HK\$'000	Increase/ decrease in equity HK\$'000
<b>2011</b>		
Investment listed in:		
Hong Kong — Investments at fair value through profit or loss	7,454	373
<b>2010</b>		
Investment listed in:		
Hong Kong — Investments at fair value through profit or loss	14,660	733

### 26. FAIR VALUES

The fair values of cash and cash equivalents, trade and other receivables, available-for-sale financial assets (unlisted equity investments) and trade and other payables are not materially different from their carrying amounts. Given these terms, it is not meaningful to disclose the fair value of such balances.

The following table presents the carrying amounts of financial instruments measured at fair value at the end of reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

	Notes	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Investments at fair value through profit or loss	11	7,454	—	—	7,454

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2010: Nil).

### 27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of Directors on 10 June 2011.



## Financial Summary

(For the year ended 31 March 2011)

	2011 HK'000	2010 HK'000	2009 HK'000	2008 HK'000	2007 HK'000
<b>RESULTS</b>					
Gain/(loss) on investments	<b>44</b>	6,133	(15,703)	10,593	21,740
(Loss)/profit before taxation	<b>(1,182)</b>	2,380	(18,821)	7,496	17,781
Taxation	<b>—</b>	1,378	25	(1,403)	(2,850)
(Loss)/profit attributable to equity holders of the Company	<b>(1,182)</b>	3,758	(18,796)	6,093	14,931
<b>ASSETS AND LIABILITIES</b>					
Total assets	<b>54,967</b>	58,347	54,079	76,326	78,573
Total liabilities	<b>(198)</b>	(2,396)	(158)	(3,609)	(4,605)
Equity attributable to equity holders of the Company	<b>54,769</b>	55,951	53,921	72,717	73,968
<b>NET ASSET VALUE PER SHARE</b>	<b>HK\$0.32</b>	HK\$0.32	HK\$0.31	HK\$0.42	HK\$0.86