



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

# interim report 2011



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

### AUDITORS

East Asia Sentinel Limited  
22 Floor, Tai Yau Building  
181 Johnston Road  
Wanchai, Hong Kong

### PRINCIPAL BANKER

Wing Hang Bank, Limited  
161 Queen's Road Central  
Hong Kong

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 2nd Floor,  
No. 269–277 Queen's Road Central  
Hong Kong

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited  
12th Floor, The Lee Gardens  
33 Hysan Avenue  
Causeway Bay, Hong Kong  
(appointed on 1 August 2011)

### LEGAL ADVISORS TO THE COMPANY

#### As to Hong Kong law

Chiu & Partners  
40th Floor, Jardine House  
1 Connaught Place, Central  
Hong Kong

#### As to Bermuda law

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



# Unaudited Interim Financial Statements

## RESULTS

The board (the “Board”) of directors (the “Directors”) of Grand Investment International Ltd. (the “Company”) is pleased to announce the unaudited condensed results of the Company for the period from 1 April 2011 to 30 September 2011 (the “Period”). These interim financial statements have not been audited, but have been reviewed by the Company’s audit committee.

On behalf of the Board

**Grand Investment International Ltd.**

**Lee Wai Tsang, Rosa**

*Executive Director*



## Condensed Income Statement

For the six months ended 30 September 2011

	NOTE	For the six months ended	
		30 September 2011 HK\$'000 (Unaudited)	30 September 2010 HK\$'000 (Unaudited)
REVENUES	3	(484)	(704)
OTHER REVENUES	4	31	28
ADMINISTRATIVE EXPENSES		(1,496)	(1,851)
LOSS BEFORE TAXATION	6	(1,949)	(2,527)
TAXATION	7	—	—
LOSS FOR THE PERIOD		(1,949)	(2,527)
ATTRIBUTABLE TO: Owners of the Company		(1,949)	(2,527)
INTERIM DIVIDEND	8	—	—
LOSS PER SHARE (Cents)			
— Basic	9	(1.13)	(1.46)
— Diluted	9	N/A	N/A

The notes on pages 9 to 14 form part of these condensed interim financial statements.



## Condensed Statement of Comprehensive Income

For the six months ended 30 September 2011

	For the six months ended	
	30 September 2011	30 September 2010
NOTE	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
LOSS FOR THE PERIOD	<b>(1,949)</b>	(2,527)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	—	—
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<b>(1,949)</b>	(2,527)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO: Owners of the Company	<b>(1,949)</b>	(2,527)

The notes on pages 9 to 14 form part of these condensed interim financial statements.



## Condensed Statement of Financial Position

As at 30 September 2011

		30 September 2011 HK\$'000 (Unaudited)	31 March 2011 HK\$'000 (Audited)
	<i>NOTE</i>		
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	10	44,517	42,177
<b>CURRENT ASSETS</b>			
Investments at fair value through profit or loss	11	6,487	7,454
Accounts receivables	12	46	—
Other receivables and prepayments		197	354
Cash and cash equivalents		1,696	4,982
<b>TOTAL CURRENT ASSETS</b>		<b>8,426</b>	12,790
<b>CURRENT LIABILITIES</b>			
Other payable and accruals		123	198
<b>TOTAL CURRENT LIABILITIES</b>		<b>123</b>	198
<b>NET CURRENT ASSETS</b>		<b>8,303</b>	12,592
<b>NET ASSETS</b>		<b>52,820</b>	54,769
<b>CAPITAL AND RESERVES</b>			
Share capital	13	17,280	17,280
Reserves		35,540	37,489
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>52,820</b>	54,769
<b>NET ASSET VALUE PER SHARE (Cents)</b>		<b>31</b>	32

The notes on pages 9 to 14 form part of these condensed interim financial statements.



## Condensed Statement of Changes in Equity

For the six months 30 September 2011

	Share capital HK\$'000	Share premium HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
Balance at 1 April 2010 (Audited)	17,280	37,786	885	55,951
Loss for the period	—	—	(2,527)	(2,527)
Balance at 30 September 2010 (Unaudited)	17,280	37,786	(1,642)	53,424
Balance at 1 April 2011 (Audited)	17,280	37,786	(297)	54,769
Loss for the period	—	—	(1,949)	(1,949)
Balance at 30 September 2011 (Unaudited)	17,280	37,786	(2,246)	52,820

The notes on pages 9 to 14 form part of these condensed interim financial statements.





## Condensed Statement of Cash Flow

For the six months ended 30 September 2011

	For the six months ended	
	30 September 2011 HK\$'000 (Unaudited)	30 September 2010 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	<b>(3,313)</b>	(2,997)
NET CASH GENERATED FROM FINANCING ACTIVITIES	<b>27</b>	28
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	<b>(3,286)</b>	(2,969)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>4,982</b>	3,350
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>1,696</b>	381
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balance	<b>1,696</b>	381

The notes on pages 9 to 14 form part of these condensed interim financial statements.



# Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2011

## 1. BASIS OF PREPARATION

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

The condensed financial statements should be read in conjunction with the Annual Report of the Company for the year ended 31 March 2011.

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

## 2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2011.

In the current interim period, the Company has applied for the first time, a number of new and revised standards, amendments and interpretations ("New or revised HKFRSs") issued by HKICPA which are effective for the Company's financial year beginning on 1 April 2011.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. For the purposes of preparing these financial statements, the Company has adopted all these new and revised HKFRSs throughout the periods presented, except for any new or revised HKFRSs that are not yet effective for accounting period beginning on 1 April 2011. The adoption of the new and revised standards does not have any significant impact on the Company's financial statements.

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



## Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2011

### 3. REVENUES

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

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

	For the six months ended	
	30 September 2011 HK\$'000 (Unaudited)	30 September 2010 HK\$'000 (Unaudited)
Net realised gain/(loss) on disposal of investments at fair value through profit or loss	141	(51)
Net unrealized holding loss on investments at fair value through profit or loss	(2,790)	(857)
Net realised gain on option premium	100	45
Dividend income from listed securities	74	159
Dividend income from unlisted investment	2,056	—
Others	(65)	—
	<b>(484)</b>	<b>(704)</b>

### 4. OTHER REVENUES

	For the six months ended	
	30 September 2011 HK\$'000 (Unaudited)	30 September 2010 HK\$'000 (Unaudited)
Interest income	27	28
Others	4	—
	<b>31</b>	<b>28</b>



# Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2011

## 5. SEGMENT INFORMATION

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

## 6. LOSS BEFORE TAXATION

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

	For the six months ended	
	30 September 2011 HK\$'000 (Unaudited)	30 September 2010 HK\$'000 (Unaudited)
Interest income	(27)	(28)
Provision for auditors' remuneration	60	54
Directors' remuneration	360	330
Mandatory Provident Fund	11	12
Investment manager fee	144	170
Staff salaries and allowances	113	47
Operating lease payments	339	720

## 7. TAXATION

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimate average annual tax rate used is 16.5% for the period (period ended 30 September 2010: 16.5%).

## 8. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period ended 30 September 2011 (period ended 30 September 2010: Nil).



## Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2011

### 9. LOSS PER SHARE

The calculation of loss per ordinary share is based on the unaudited loss of HK\$1,949,000 for the Period (period ended 30 September 2010: loss of HK\$2,527,000) attributable to shareholders and the weighted average of 172,800,000 ordinary shares (period ended 30 September 2010: 172,800,000 ordinary shares) in issue during the Period.

The Company has no potential dilutive ordinary shares that were outstanding during the two periods ended 30 September 2011 and 30 September 2010; therefore, no diluted loss per share has been presented.

### 10. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2011 HK\$'000 (Unaudited)	31 March 2011 HK\$'000 (Audited)
Investment securities, at cost		
Equity securities, unlisted shares	18,787	18,787
Investments in limited partnerships	25,730	23,390
	<b>44,517</b>	42,177

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

	30 September 2011 HK\$'000 (Unaudited)	31 March 2011 HK\$'000 (Audited)
Equity securities listed in Hong Kong, at fair value	6,487	6,609
Investments in straight bond, at fair value	—	845
	<b>6,487</b>	7,454



## Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2011

### 12. ACCOUNTS RECEIVABLE

An aging analysis of the accounts receivable as at 30 September 2011 is as below:

	30 September 2011 HK\$'000 (Unaudited)	31 March 2011 HK\$'000 (Audited)
Within 1 month	46	—

### 13. SHARE CAPITAL

	30 September 2011 HK\$'000 (Unaudited)	31 March 2011 HK\$'000 (Audited)
Authorised: 1,000,000,000 ordinary shares of HK\$0.1 each	100,000	100,000
Issued and fully paid: 172,800,000 ordinary shares of HK\$0.1 each	17,280	17,280

### 14. RELATED PARTY TRANSACTIONS

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

During the six months ended 30 September 2011, in accordance with the investment management agreement in force during the Period, investment management fees paid to GIS as the investment manager of the Company totaled HK\$144,000 (period ended 30 September 2010: Nil), which is calculated based on a fixed fee.



## Notes to the Condensed Interim Financial Statements

For the six months ended 30 September 2011

### 15. COMMITMENTS

#### (a) Operating lease commitments

At 30 September 2011, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2011 HK\$'000 (Unaudited)	31 March 2011 HK\$'000 (Audited)
Not later than one year	332	664
In second to fifth year inclusive	—	—
	<b>332</b>	<b>664</b>

#### (b) Capital commitments

At 30 September 2011, the Company had capital commitments as follows:

	30 September 2011 HK\$'000 (Unaudited)	31 March 2011 HK\$'000 (Audited)
Contracted but not provided for Capital contribution to a limited partnership	1,560	3,906

### 16. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

This interim financial statements were approved by the Board on 18 November 2011.



# Management Discussion and Analysis

## INTERIM RESULTS

During the Period, the Company recorded a revenue of HK\$1,949,000 (period ended 30 September 2010: loss of HK\$2,527,000).

The net asset value (“NAV”) per ordinary share of HK\$0.10 (“Share”) of the Company was HK\$0.31 as at 30 September 2011 (31 March 2011: HK\$0.32).

## BUSINESS OVERVIEW AND PROSPECTS

For the past six months of our financial year, investors globally went from cautious optimism to renewed skepticism, especially with the ability of leadership in the US and Europe to pull each of the respective region out of the current economic predicament. The polarized political parties nearly caused another global meltdown when the US congress procrastinated on its decision to lift its debt ceiling in early August. Meanwhile, the Europe zone continues to face its own pressure with not only Greece, but also much larger economies such as Spain and Italy. Once again, the inability of leaders in the European Central Bank (ECB) and the International Monetary Fund (IMF) has led to more shock waves in the market as investor sentiments erode.

China and the rest of the emerging markets attempt to balance growth with inflation issues. These regions will not and cannot provide more than mere symbolic assistance of any bond purchase in the Europe zone. With decelerated growth as a result of poor economy in the US and Europe, further economic expansion of China and other emerging markets are limited. As global demand reduced, Hong Kong will also enter into a period of slow growth or even few quarters of recession.

The Hang Seng Index sustained slowly in the summer months followed by a strong selloff in August and September. The market remains extremely volatile as it reacts strongly to any negative news. As the Greece’s debt will become due again in February 2012, we expect more volatility to come to the world’s economy. We are actively monitoring our equities portfolio and intend to maintain shorter term positions. As always, we will do our best to maximize value for our shareholders.

## DIRECT INVESTMENTS

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

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





## Management Discussion and Analysis

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

LCF is a limited partnership established pursuant to the provisions of the Partnership Act 1996 of the British Virgin Islands. LCF primarily invests in real estate in Macau and gains from the realisation of capital appreciation from the sales of the properties.

### **CMHJ Technology Fund II, L.P (“CMHJ”)**

CMHJ is a limited partnership registered pursuant to the Exempted Limited Partnership Law of the Cayman Islands on 28 September 2005. 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 the mainland China.

### **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 variety of services including consultancy, logistic design and development, finance, manufacturer, management information system and enterprise resource planning areas, as well as capability and experience in system working and framework.

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

Joyport is a limited liability company registered in the British Virgin Islands. It is engaged in the business of online game development, distribution and operation, and other related business directly or indirectly through its subsidiaries, affiliates and associated companies in the PRC. The company is focused on the massive multiplayer online role-playing games, which can support more than 10,000 concurrent players.

## **INVESTMENT IN SECURITIES**

The Company maintains a conservative approach on the equities portfolio and existing portfolio companies. We monitor our risk exposure regularly and use hedging strategy when appropriate. In addition, we also rebalance our equities portfolio as needed, while selectively choose the stocks with the most balanced risk and return potential.



# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Company was in a sound liquidity position. The Company had bank balances of approximately HK\$1,696,000 (31 March 2011: HK\$4,982,000). There was no borrowing or funding requirements by the Company for investment and capital expenditures. The Board believes that the Company has sufficient financial resources to meet its investment or working capital requirements.

As at 30 September 2011, the Company had net assets of HK\$52,820,000 (31 March 2011: HK\$54,769,000) with no long term liabilities.

## CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2011, there were no charges on the Company's assets or any significant contingent liabilities (31 March 2011: Nil).

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

## CAPITAL EXPENDITURES

During the Period, the Company made capital expenditure of HK\$2,340,000 in respect of capital contribution to a limited partnership.

## COMMITMENTS

As at 30 September 2011, the Company had irrevocable operational leases of approximately HK\$332,000 which was to be repaid within one year.

As at 30 September 2011, the Company had capital contribution to a limited partnership of approximately HK\$1,560,000 which was contracted but not provided for.

## CAPITAL STRUCTURE

As at 30 September 2011, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period ended 30 September 2011 (period ended 30 September 2010: Nil).

## PURCHASE SALE OR REDEMPTION

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



# Management Discussion and Analysis

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2011, the Company had 7 (2010: 7) employees, including the executive, non-executive and independent non-executive Directors of the Company.

Total staff cost for the period amounted to HK\$484,000 (period ended 30 September 2010: HK\$389,000). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of the individual employees.

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

## FOREIGN CURRENCY EXPOSURE

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

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 September 2011, the interests and short positions of the Directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in 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 (Note 5 on page 21)	1,000,000 (long position) (Note 5 on page 21)	0.58%

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



## Management Discussion and Analysis

### **DIRECTOR'S INTEREST IN CONTRACTS**

No contract of significance to which the Company was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted at the period ended 30 September 2011 or at any time during the six month ended 30 September 2011 under review.

### **DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES**

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

### **SHARE OPTIONS**

The Company has a share option scheme under which the Directors and certain selected classes of participants may at the discretion of the Directors of the Company, be granted options to subscribe for ordinary shares of the Company, subject to the stipulated terms and conditions. No options were granted under the share option scheme during the Period (period ended 30 September 2010: Nil).

Save as disclosed above, none of the Company's Directors and chief executive, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the six month ended 30 September 2011 (period ended 30 September 2010: Nil).



## Management Discussion and Analysis

### SUBSTANTIAL SHAREHOLDERS

As at 30 September 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")	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%
3. Grand Finance Group Company Limited ("GFG")	Registered and beneficial owner	35,180,000 (long position) (Notes 2 to 4)	20.36%
4. Jumbo China Holdings Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
5. Billion Sky 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%



# Management Discussion and Analysis

## *Notes:*

1. Optimize Capital is a company incorporated in the British Virgin Islands, and is owned as to 90% by Mr. Lee Tak Lun and 10% by his daughter, Ms. Lee Wai Tsang Rosa. Mr. Lee Tak Lun is the son of Mr. Lee Woo Sing. Mr. Lee Woo Sing is 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.
2. GFG is a company incorporated in Hong Kong, the entire issued capital of which is beneficially owned as to 58% by Jumbo China Holdings Limited, 28% by Bright Pearl Limited and 14% by Win Key Investments Limited. Jumbo China Holdings Limited is taken to be interested in these shares under Part XV of the SFO.
3. The entire issued share capital of Jumbo China Holdings Limited is beneficially owned as to 79.31% by Billion Sky Limited. Billion Sky Limited is taken to be interested in these shares under Part XV of the SFO.
4. The entire issued share capital of Billion Sky Limited is beneficially owned as to 59.55% by Win Key Investments Limited (the entire issued share capital of which is beneficially owned by Mr. Lee Tak Lun). Win Key Investments Limited and Mr. Lee Tak Lun are taken to be interested in these shares under Part XV of the SFO.
5. These shares are held by Winrex International Limited ("Winrex"), a company incorporated in the British Virgin Islands. Mr. Lee Woo Sing holds more than one-third of the issued share capital of Winrex and is accordingly taken to be interested in the shares held by Winrex under Part XV of the SFO.

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the shares of the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 September 2011.

## **COMPETITION AND CONFLICT OF INTEREST**

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

## **CORPORATE GOVERNANCE**

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



# Management Discussion and Analysis

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted codes of conduct regarding securities transactions by Directors set out in the Model Code contained in Appendix 10 of the Listing Rules. On specific enquiries made, all Directors have confirmed that, in respect of the reporting period, they have complied with the required standard set out in the Model Code regarding Directors' securities transactions.

## AUDIT COMMITTEE

The Company's audit committee, comprising three independent non-executive Directors, has reviewed with the management of the Company the accounting principles and practices adopted by the Company and discussed the auditing, internal control and financial reporting matters including a review of the Company's unaudited interim financial statements for the six months ended 30 September 2011.

## BOARD OF DIRECTORS

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

By order of the Board

**Lee Wai Tsang, Rosa**

*Executive Director*

Hong Kong, 18 November 2011