CHINA INVESTMENT AND FINANCE GROUP LIMITED
中國投融資集團有限公司

(formerly known as Garron International Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1226)

2011 INTERIM REPORT

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CORPORATE INFORMATION

STOCK CODE
1226

BOARD OF DIRECTORS
Executive Directors:
Mr. XIE Leshan (Chairman)
Mr. CHEN Yiquan (Vice-Chairman)
Mr. CHAN Cheong Yee
Mr. SEE Lee Seng, Reason
Mr. SUNG Hiu Fai, Ronald
(Resigned on 9 August 2011))

Independent Non-executive Directors:
Mr. CHEN Kaizhi (Honorary Chairman)
Mr. HA Tak-kong
Mr. LEUNG Kwong Kin
Mr. LO Chi Ming

REMUNERATION COMMITTEE
Mr. CHEN Yiquan
Mr. HA Tak-kong
Mr. LO Chi Ming
Mr. LEUNG Kwong Kin

REGISTERED OFFICE
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Hutchins Drive
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Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit 5801-2, 58/F
The Center
99 Queen's Road Central
Central, Hong Kong

AUDITORS
HLM & Co.
Certified Public Accountants
Room 305, 3/F
Arion Commercial Centre
2–12 Queen's Road West, Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG
Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKER
ICBC
Bank of China
Standard Chartered Bank

COMPANY SECRETARY
Mr. TSE Hon Kwan, Max

WEBSITE
http://www.chnif.com

INDEPENDENT AUDITORS' REPORT

恒健會計師行
HLM & Co.
Certified Public Accountants

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TO THE SHAREHOLDERS OF CHINA INVESTMENT AND FINANCE GROUP LIMITED (FORMERLY KNOWN AS "GARRON INTERNATIONAL LIMITED")
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated interim financial statements of China Investment and Finance Group Limited, formerly known as "Garron International Limited" (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 46, which comprise the consolidated statement of financial position as at 30 September 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months then ended and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated interim 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 disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated interim 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 consolidated interim financial statements based on our audit. This report is made solely to you, as a body, 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 consolidated interim 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 the consolidated interim financial statements that give 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 consolidated interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated interim financial statements give a true and fair view of the state of affairs of the Group as at 30 September 2011 and of the Group's profit and cash flows for the six months 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.

OTHER MATTER

Without qualifying our opinion, we draw attention to note 2 to the consolidated interim financial statements which states that the comparative amounts of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows in respect of the six months ended 30 September 2010 and the related notes disclosed in the consolidated interim financial statements were derived from the Group's interim report. Those comparative amounts have not been audited and we therefore do not express an audit opinion on them.

HLM & Co.
Certified Public Accountants
Hong Kong, 19 October 2011

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2011

	Notes	Six months ended 30 September 2011 HK$	2010 HK$ (unaudited)
Gross proceeds from disposal of securities		**59,452,213**	834,735
Revenue	*8*	**1,372,046**	109,675
Net realised (loss) gain on disposal of financial assets at fair value through profit or loss		**(1,509,726)**	209,255
Net unrealised (loss) gain on financial assets at fair value through profit or loss		**(2,225,588)**	4,160
Other income	*8*	**16,008,892**	58,880
Administrative expenses		**(9,967,122)**	(5,039,543)
Finance costs	*9*	**(8)**	–
Profit (loss) before tax		**3,678,494**	(4,657,573)
Income tax expense	*12*	**–**	–
Profit (loss) attributable to shareholders of the Company	*11*	**3,678,494**	(4,657,573)
Dividends	*13*	**–**	–
Earnings (loss) per share	*14*		
– Basic		**0.01**	(0.05)
– Diluted		**0.01**	(0.05)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		Six months ended 30 September	
		2011	2010
	Note	***HK$***	*HK$*
			(unaudited)
Profit (loss) attributable to shareholders of the Company	*11*	**3,678,494**	(4,657,573)
Other comprehensive expense:			
Change in fair value of available-for-sale financial assets		**(11,757,900)**	–
Other comprehensive expense for the period, net of tax		**(11,757,900)**	–
Total comprehensive expense attributable to the shareholders of the Company		**(8,079,406)**	(4,657,573)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	**At 30 September 2011 HK$**	At 31 March 2011 HK$
Non-current assets			
Property, plant and equipment	16	**29,167**	651,712
Available-for-sale financial assets	17	**86,701,011**	–
		86,730,178	651,712
Current assets			
Financial assets at fair value through profit or loss	18	**13,945,944**	6,830,168
Other receivables, prepayments and deposits	19	**1,949,713**	43,513
Bank and cash balances	20	**439,653,132**	4,684,153
		455,548,789	11,557,834
Current liability			
Other payables and accruals	21	**410,000**	160,300
Net current assets		**455,138,789**	11,397,534
Non-current liability			
Amount due to a shareholder	22	**–**	16,000,000
		–	16,000,000
Net assets (liabilities)		**541,868,967**	(3,950,754)

	Notes	At 30 September 2011 HK$	At 31 March 2011 HK$
Capital and reserves			
Share capital	23	**116,316,000**	17,956,000
Reserves	25	**425,552,967**	(21,906,754)
Total equity (capital deficiency)		**541,868,967**	(3,950,754)
Net asset (liability) value per share	27	**0.93**	(0.04)

The consolidated interim financial statements on pages 4 to 46 were approved and authorised for issue by the Board of Directors on 19 October 2011 and are signed on its behalf by:

Mr. XIE Leshan
DIRECTOR

Mr. CHEN Yiquan
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Share capital *HK$*	Share premium *HK$*	Share option reserve *HK$*	Investment revaluation reserve *HK$*	Warrant reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 April 2010	14,130,000	25,759,973	1,384,719	–	1,270,000	(46,184,745)	(3,640,053)
Changes in equity for the six months ended 30 September 2010 (unaudited)							
Reversal of unlisted warrants	–	–	–	–	(1,270,000)	1,270,000	–
Issue of shares	2,826,000	2,373,841	–	–	–	–	5,199,841
Issue of share option	–	–	1,312,758	–	–	–	1,312,758
Total comprehensive expenses for the six months ended 30 September 2010	–	–	–	–	–	(4,657,573)	(4,657,573)
At 30 September 2010 and 1 October 2010 (unaudited)	16,956,000	28,133,814	2,697,477	–	–	(49,572,318)	(1,785,027)
Changes in equity for the six months ended 31 March 2011 (unaudited)							
Reversal of share-based payments	–	–	(680,338)	–	–	680,338	–
Written back from cancellation of share-based payments	–	–	(704,381)	–	–	–	(704,381)
Exercise of share options	1,000,000	2,512,757	(1,312,758)	–	–	–	2,199,999
Total comprehensive expenses for six months ended 31 March 2011	–	–	–	–	–	(3,661,345)	(3,661,345)

	Share capital HK$	Share premium HK$	Share option reserve HK$	Investment revaluation reserve HK$	Warrant reserve HK$	Accumulated losses HK$	Total HK$
At 31 March 2011 and 1 April 2011	17,956,000	30,646,571	–	–	–	(52,553,325)	(3,950,754)
Changes in equity for the six months ended 30 September 2011							
Issue of shares under placement of shares	75,752,000	359,822,000	–	–	–	–	435,574,000
Issue of shares under subscription of shares	22,608,000	107,388,000	–	–	–	–	129,996,000
Share issue expenses	–	(11,670,873)	–	–	–	–	(11,670,873)
Total comprehensive income (expense) for the six months ended 30 September 2011	–	–	–	(11,757,900)	–	3,678,494	(8,079,406)
At 30 September 2011	116,316,000	486,185,698	–	(11,757,900)	–	(48,874,831)	541,868,967

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	HK$	*HK$*
		(unaudited)
Operating activities		
Profit (loss) before tax	**3,678,494**	(4,657,573)
Adjustments for:		
Depreciation	**52,372**	4,084
Interest income	**(1,248,337)**	(34)
Dividend income	**(123,709)**	(109,641)
Expenses recognised in respect of equity-settled share-based payments	**–**	1,312,758
Interest expenses	**8**	–
Shareholder's current account waived	**(16,000,000)**	–
Realised loss (gain) on financial assets at fair value through profit or loss	**1,509,726**	(209,255)
Unrealised loss (gain) on financial assets at fair value through profit or loss	**2,225,588**	(4,160)
Operating loss before working capital changes	**(9,905,858)**	(3,663,821)
Purchase of financial assets at fair value through profit or loss	**(70,295,033)**	–
Purchase of available-for-sale financial assets	**(98,458,911)**	–
Proceeds from disposal of financial assets at fair value through profit or loss	**59,452,213**	834,735
(Increase) decrease in other receivables, prepayments and deposits	**(1,234,018)**	42,309
Increase (decrease) in other payables and accruals	**249,700**	(4,381,485)
Cash used in operations	**(120,191,907)**	(7,168,262)
Interest paid	**(8)**	–
Net cash used in operating activities	**(120,191,915)**	(7,168,262)

	Six months ended 30 September	
	2011	2010
	HK$	*HK$*
		(unaudited)
Investing activities		
Interest received	**576,155**	34
Dividend received from financial asses at fair value through profit or loss	**115,439**	109,641
Proceeds from disposal of property, plant and equipment	**570,173**	–
Net cash generated from investing activities	**1,261,767**	109,675
Financing activities		
Increase in amount due to a director	**–**	2,428,725
Net proceeds from issue of shares	**553,899,127**	5,199,841
Net cash generated from financing activities	**553,899,127**	7,628,566
Net increase in cash and cash equivalents	**434,968,979**	569,979
Cash and cash equivalents at 1 April	**4,684,153**	431,971
Cash and cash equivalents at 30 September	**439,653,132**	1,001,950
Analysis of the balance of cash and cash equivalents		
Bank and cash balances	**439,653,132**	1,001,950

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended 30 September 2011

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability on 26 April 2002. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 19 September 2002. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal office in Hong Kong is at Units 5801-02, 58/F, The Center, 99 Queen's Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 30 to the consolidated interim financial statements.

The consolidated interim financial statements are prepared in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The comparatives of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows in respect of the six months ended 30 ended September 2010 and the related notes disclosed in the consolidated interim financial statements were derived from the Group's interim report and have not been audited.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised Standards and Interpretations applied with no material effects on the consolidated interim financial statements

The following new and revised Standards and Interpretations have also been applied in these consolidated interim financial statements. The application of these new and revised Standards and Interpretations does not have any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 3 (Amendments)	Business Combination (2008) – Improvements to HKFRSs (2010)
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 7 and HKAS 1
HKAS 1 (Amendments)	Presentation of Financial Statements – Improvements to HKFRSs (2010)
HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HK(IFRIC)– Int 13 (Amendments)	Customer Loyalty Programmes – Improvements to HKFRSs (2010)
HK(IFRIC)– Int 14 (Amendments)	Prepayments of Minimum Funding Requirement
HK(IFRIC)– Int 19	Extinguishing Financial Liabilities with Equity Instruments

New and revised Standards and Interpretations in issue but not yet effective

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective.

HKFRS 1 (Amendments)	Severe hyperinflation and fixed dates for first-time adopters[1]
HKFRS 9 (Revised)	Financial Instruments[3]
HKFRS 10	Consolidated financial statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]

1 Effective for annual periods beginning on or after 1 July 2011

2 Effective for annual periods beginning on or after 1 January 2012

3 Effective for annual periods beginning on or after 1 January 2013

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

The consolidated interim financial statements have been prepared in accordance with HKFRSs. In addition, the consolidated interim financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposal of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investment in subsidiaries

A subsidiary is a company that is controlled by the Company, where the Company has the power to govern the financial and operating policies of such company so as to obtain benefits from its activities. Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is measured at fair value of the consideration received or receivable and recognised in profit or loss as follows:

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest applicable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method, at the following rates:

Motor vehicle	30%
Leasehold improvement	50%
Office equipment	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the sales proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Impairment loss on tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity are recorded in the respective functional currency at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risk; and

- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified form equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated interim financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars ("HKD")) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designed as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At the end of each reporting period subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excluded any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated bonds investments as AFS financial assets.

AFS financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve until the financial asset is disposed of or determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see accounting policy in respect of impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an AFS equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re- organisation.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, where the carrying amount is reduced through the use of an allowance account.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investment, impairment losses previously recognised in profit or loss are not reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments
Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method
The effective interest method is a method calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than those financial liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities at FVTPL
Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition it is a part of a portfolio of an identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excluded any interest paid on the financial liabilities.

Other financial liabilities
Other financial liabilities (including other payables and others) are subsequently measured at amortised cost using the effective interest method.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial 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 profit or loss.

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 and payable is recognised in profit or loss.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated interim financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme and state-managed retirement benefits scheme are charged as expenses as they fall due. The Group's obligations under state-managed retirement benefits schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

Share-based payment transaction

The company issues equity-settled share-based payments to eligible employees including directors of the Company and its subsidiaries, and other persons including consultants, advisors, agents, customers, suppliers etc. to subscribe for shares in the Company. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effort of non market-based vesting conditions.

For share options that are vested at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Operating lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Provisions

Provisions are recognised when the Group has a present obligation as a result of past events; and it is probable that the Group will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of reporting period, and are discounted to present value where the effect is material.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated interim financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as provision.

A contingent asset is a possible asset that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated interim financial statements when an inflow of economic benefits is probable. When in flow is virtually certain, an asset is recognised.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the consolidated statement of cash flows, bank overdrafts and bank loans, if any, which are repayable on demand and form an integral part of an enterprise's cash managements are also included as component of cash and cash equivalents.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other sources of estimation uncertainty at the end of reporting period 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.

Depreciation and amortisation

The Group depreciates the property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Allowance for bad and doubtful debts

The Group's provision policy for bad and doubtful debts is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to shareholders of the Company, comprising issued share capital and reserves.

The directors review the capital structure by considering the cost of capital and the risks associated with capital. In view of this, the Group will balance its overall capital structure through new shares issues as well as the issue of new debt. The Group's overall strategy remains unchanged throughout the period.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, other receivables and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Foreign currency risk

The Group has following foreign currency asset which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider the hedging significant foreign currency exposure should the need arises.

	At 30 September 2011	At 31March 2011
	HK$	*HK$*
AFS financial assets in renminbi ("RMB")	**86,701,011**	–
Bank and cash balances in RMB	**390,868,044**	–
	477,569,055	–

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in RMB. For the foreign currency risk of the Group's financial assets, the exposure is mainly in HKD against RMB.

The following table shows the sensitivity analysis of a 5% increase/decrease in RMB against the HKD, the effect in the profit for the period is as follows:

	Impact of RMB At 30 September 2011
	HK$
Increase/decrease in profit for the period	23,878,453

Interest rate risk

Except for the cash and cash equivalents which carry floating interest rate, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

Sensitivity analysis

Assuming the balance at 30 September 2011 was the amount for the six months, if the interest rate was 50 basis points higher or lower and all other variables were held constant, the Group's profit for the six months ended 30 September 2011 would increase or decrease by HK$2,192,707 (loss for the year ended 31 March 2011: decrease or increase by HK$23,337).

Equity Price risk

The Group is exposed to financial assets price risks as investments held by the Group are classified on the consolidated statement of financial position as financial assets at fair value through profit or loss and AFS financial assets. To manage its price risk arising from investments in financial assets, the Group diversifies its portfolio.

Sensitivity analysis

If the price of the respective investments held by the Group as financial assets at fair value through profit or loss were higher or lower by 5% as at 30 September 2011 (for the year ended 31 March 2011: 5%), the Group's profit for the six months ended 30 September 2011 would increase or decrease by HK$697,297 (for the year ended 31 March 2011: HK$341,508).

If the price of the respective investments held by the Group as AFS financial assets were higher or lower by 5% as at 30 September 2011, the Group's profit for the six months ended 30 September 2011 would increase or decrease by HK$4,335,050. No AFS financial assets held by the Group for the year ended 31 March 2011.

Credit risk

Credit risk to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated and the Company's statement of financial position, which is net of any allowances for losses.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies. In this regards, the directors consider that the Group's and the Company's credit risk on such authorised institutions is low.

Liquidity risk

Liquidity risk is the risk that the Group are unable to meet their payment obligations associated with its financial liabilities when they fall due. The Group manages liquidity risk by maintaining adequate reserves, as well as continuously monitoring forecast and actual cash flows.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. With regard to 2011 and thereafter, the liquidity of the Group is primarily dependent on its ability to maintain adequate cash flow from operations and to raise funds through issue and allotment of new shares to meet its debt obligations as they fall due.

The maturity profile of the Group's financial liabilities as at the end of reporting period is as follows:

	Weighted average effective interest rate	**Less than 1 year**	**More than 1 year**	**Total undiscounted cash flows**	**Carrying amount at 30.9.2011**
	%	*HK$*	*HK$*	*HK$*	*HK$*
30 September 2011					
Other payables and accruals	N/A	410,000	–	–	410,000

	Weighted average effective interest rate	Less than 1 year	More than 1 year	Total undiscounted cash flows	Carrying amount at 31.3.2011
	%	*HK$*	*HK$*	*HK$*	*HK$*
31 March 2011					
Other payables and accruals	N/A	160,300	–	160,300	160,300
Amount due to a shareholder	N/A	–	16,000,000	16,000,000	16,000,000
		160,300	16,000,000	16,160,300	16,160,300

Fair values

As at 30 September 2011, the carrying amount of cash and cash equivalents, equity investment, other receivables, prepayments and deposits, other payables and accruals approximated their fair values due to the short-term maturities of these assets and liabilities. The Group considers that financial assets at fair value through profit or loss are included in the consolidated statement of financial position at amounts approximating to their fair values.

Fair values on financial instruments

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at 30 September 2011 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 entirely based on the lowest level of input that is significant to that fair value 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 value measured using valuation techniques in which any significant input is not based on observable market data.

At 30 September 2011, the Group had following financial instruments carried at fair value all of which are based on the Level 1 and Level 2 of the fair value hierarchy:–

	The Group	
	30 September 2011	31 March 2011
	HK$	*HK$*
Level 1:		
Financial assets at fair value through profit or loss – listed securities	**13,945,944**	6,830,168
Level 2:		
AFS financial assets – Debt securities	**86,701,011**	–
	100,646,955	6,830,168

At 30 September 2011, financial assets at fair value through profit or loss and AFS financial assets are carried at fair value.

(ii) *Fair values of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2011 and 31 March 2011 due to their short-term maturities.

	30 September 2011		31 March 2011	
	Carrying Amount	**Fair value**	Carrying Amount	Fair value
	HK$	***HK$***	*HK$*	*HK$*
The Group				
Bank and cash balances	**439,653,132**	**439,653,132**	4,684,153	4,684,153
Other receivables, prepayments and deposits	**1,949,713**	**1,949,713**	43,513	43,513
Other payables and accruals	**(410,000)**	**(410,000)**	(160,300)	(160,300)
Amount due to a shareholder	**–**	**–**	(16,000,000)	(16,000,000)

Classification and fair value of financial assets and liabilities

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Financial assets at FVTPL	**Loan and receivables**	**AFS financial assets**	**Other financial liabilities**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
30 September 2011					
AFS financial assets	–	–	86,701,011	–	86,701,011
Financial assets at FVTPL	13,945,944	–	–	–	13,945,944
Other receivables, prepayments and deposits	–	1,949,713	–	–	1,949,713
Bank and cash balances	–	439,653,132	–	–	439,653,132
	13,945,944	441,602,845	86,701,011	–	542,249,800
Other payables and accruals	–	–	–	410,000	410,000

	Financial assets at FVTPL	Loan and receivables	AFS financial Assets	Other financial liabilities	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
31 March 2011					
Financial assets at FVTPL	6,830,168	–	–	–	6,830,168
Other receivables, prepayments and deposits	–	43,513	–	–	43,513
Bank and cash balances	–	4,684,153	–	–	4,684,153
	6,830,168	4,727,666	–	–	11,557,834
Other payables and accruals	–	–	–	160,300	160,300
Amount due to a shareholder	–	–	–	16,000,000	16,000,000
	–	–	–	16,160,300	16,160,300

Estimation of fair value

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Change in assumption could significantly affect the estimates.

8. REVENUE AND OTHER INCOME

An analysis of revenue and other income are as follows:

	Six months ended 30 September	
	2011	2010
	HK$	*HK$*
		(unaudited)
REVENUE		
Dividend income from financial assets at fair value through profit or loss	**123,709**	109,641
Interest income from debt securities	**672,182**	–
Interest income from brokers' account	**9,213**	–
Interest income on bank deposits	**566,942**	34
	1,372,046	109,675
Other income:		
Shareholder's current account waived	**16,000,000**	–
Sundry income	**8,892**	58,880
	16,008,892	58,880
	17,380,938	168,555

9. FINANCE COSTS

	Six months ended 30 September	
	2011	2010
	HK$	*HK$*
		(unaudited)
Margin financing interest wholly repayable within one year	**8**	–

10. SEGMENT INFORMATION

During the six months ended 30 September 2011 and 2010, the Group's turnover and net profits (losses) were mainly derived from the interest income and dividend income from investment holding. The directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating losses.

All activities of the Group are based in Hong Kong and all of the Group's revenue is derived from Hong Kong. Accordingly, no analysis by geographical segment is presented.

11. PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	Six months ended 30 September	
	2011	2010
	HK$	*HK$*
		(unaudited)
Profit (loss) attributable to shareholders of the Company has been arrived at after charging:		
Directors' remunerations		
Fees	**240,000**	45,000
Other remunerations	**1,645,806**	718,110
Provident fund contributions	**–**	6,000
Equity settled share-based payments	**–**	1,312,758
Total directors' remunerations	**1,885,806**	2,081,868
Staff costs		
Salaries	**2,167,827**	642,500
Provident fund contributions	**37,769**	15,237
Total staff costs (excluding directors' remunerations)	**2,205,596**	657,737
Auditors' remuneration	**263,000**	–
Depreciation	**52,372**	4,084
Investment manager fee	**1,000,000**	–
Rent and rates	**1,642,758**	1,241,889

12. INCOME TAX EXPENSE

The tax charge for the six months ended can be reconciled to the profit (loss) per consolidated income statement as follows:

	Six months ended 30 September	
	2011	2010
	HK$	*HK$*
		(unaudited)
Profit (loss) before tax	**3,678,494**	(4,657,573)
Tax at the domestic income tax rate of 16.5% (2010: 16.5%)	**606,952**	(768,500)
Tax effect of expenses that are not deductible in determining taxable profit, net	**532,551**	156,188
Tax effect of non-taxable revenues	**(2,888,338)**	(44,928)
Tax effect on temporary differences not recognised	**(62)**	(112,310)
Tax effect of tax losses not recognised	**1,748,897**	769,550
Tax charge for the period	**–**	–

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the six months ended 30 September 2011 (six months ended 30 September 2010 (unaudited): Nil).

Deferred tax assets are not recognised for tax losses carry forward due to uncertainty of realisation of the related tax benefit through the future taxable profits.

13. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2011 and 2010.

14. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the following data:

	Six months ended 30 September	
	2011	2010
	HK$	*HK$*
		(unaudited)
Earnings (loss) for the purposes of basic earnings (loss) per share	**3,678,494**	(4,657,573)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**454,576,703**	84,780,000

There were no potential dilutive shares for both periods, therefore the basic and diluted earnings (loss) per share is the same.

15. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors

The aggregate amounts of emoluments payable by the Company during the periods are as follows:

	Six months ended 30 September	
	2011	2010
	HK$	*HK$*
		(unaudited)
Fees		
Executive directors	**–**	–
Independent non-executive directors	**240,000**	45,000
	240,000	45,000
Other emoluments		
Basic salaries and other benefits	**1,645,806**	718,110
Retirement scheme contributions	**–**	6,000
Equity settled share-based payment	**–**	1,312,758
	1,885,806	2,081,868

No directors waived any emoluments and no emoluments were paid to the directors as inducement to join or upon joining the Group or as compensation for loss of office during the six months ended 30 September 2011 (six months ended 30 September 2010 (unaudited): Nil).

The emoluments paid or payable to each of the nine (2010: six) directors were as follows:

	Fees		Remuneration	Six months ended 30 September	
	Executive Directors	Independent non–executive directors	Management remuneration	**2011 Total emoluments**	2010 Total emoluments
	HK$	*HK$*	*HK$*	***HK$***	*HK$* (unaudited)
Executive directors					
Mr. XIE Leshan	–	–	720,000	**720,000**	–
Mr. CHEN Yiquan	–	–	600,000	**600,000**	–
Mr. SEE Lee Seng, Reason	–	–	120,000	**120,000**	–
Mr. SUNG Hiu Fai, Ronald	–	–	85,806	**85,806**	–
Mr. CHAN Cheong Yee	–	–	120,000	**120,000**	–
Ms. ZHONG Hui	–	–	–	**–**	1,312,758
Mr. POON Ho-man	–	–	–	**–**	606,000
Mr. CHIOU Jerry	–	–	–	**–**	118,110
Sub-total	–	–	1,645,806	**1,645,806**	2,036,868
Independent non-executive directors					
Mr. HA Tak-kong	–	60,000	–	**60,000**	15,000
Mr. LO Chi Ming	–	60,000	–	**60,000**	–
Mr. LEUNG Kwong Kin	–	60,000	–	**60,000**	–
Mr. CHEN Kai Zhi	–	60,000	–	**60,000**	–
Mr. PENG Feng	–	–	–	**–**	15,000
Mr. TONG I Tony	–	–	–	**–**	15,000
Sub-total	–	240,000	–	**240,000**	45,000
Total	–	240,000	1,645,806	**1,885,806**	2,081,868

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2010: two) directors whose emoluments are reflected in the analysis presented above.

The aggregate amounts of emoluments payable to the five highest paid individuals including two directors of the Group for the six months ended 30 September are as follows:

	Six months ended 30 September	
	2011	2010
	HK$	HK$
		(unaudited)
Basic salaries and other benefits	**2,640,000**	1,300,610
Contributions to retirement benefits scheme	**12,000**	18,237
Equity settled share-based payments	**–**	1,312,758
	2,652,000	2,631,605

No emoluments were paid to these individuals as inducement to join or upon joining the Group as compensation for loss of office for the six month ended 30 September 2011 (2010: Nil).

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *HK$*	**Office equipment** *HK$*	**Motor vehicle** *HK$*	**Total** *HK$*
COST				
At 31 March 2010 and 1 April 2010	247,685	40,840	384,864	673,389
Additions	–	35,000	651,627	686,627
Disposals	(247,685)	(40,840)	(384,864)	(673,389)
At 31 March 2011 and 1 April 2011	–	35,000	651,627	686,627
Disposals	–	–	(651,627)	(651,627)
At 30 September 2011	–	35,000	–	35,000
DEPRECIATION AND IMPAIRMENT				
At 1 April 2010	247,685	18,939	384,864	651,488
Charge for the year	–	6,417	32,582	38,999
Eliminated upon disposals	(247,685)	(23,023)	(384,864)	(655,572)
At 31 March 2011 and 1 April 2011	–	2,333	32,582	34,915
Charge for the period	–	3,500	48,872	52,372
Eliminated upon disposal	–	–	(81,454)	(81,454)
At 30 September 2011	–	5,833	–	5,833
NET BOOK VALUE				
At 30 September 2011	–	29,167	–	29,167
At 31 March 2011	–	32,667	619,045	651,712

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale investments comprise:

	At 30 September 2011 *HK$*	At 31 March 2011 *HK$*
Debt securities, at market value	**86,701,011**	–

The Group holds unlisted debt securities with fixed coupon rate from 4.5% to 10.5% and maturity from 2 to 5 years. The debt securities are issued by listed companies in Hong Kong.

	At 30 September 2011 *HK$*	At 31 March 2011 *HK$*
Balance b/f	**–**	–
Purchase during the period	**98,458,911**	–
Change in fair value recognised in other comprehensive income	**(11,757,900)**	–
Balance c/f	**86,701,011**	–

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2011 *HK$*	At 31 March 2011 *HK$*
Financial assets at fair value through profit or loss:		
Listed securities in Hong Kong, at market value	**13,945,944**	6,830,168

Fair values are determined with reference to quoted market bid prices.

19. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	At 30 September 2011 HK$	At 31 March 2011 HK$
Interest receivable from debt securities	**656,725**	–
Prepayments	**–**	17,745
Other receivables and deposits paid	**1,292,988**	25,768
	1,949,713	43,513

20. BANK AND CASH BALANCES

	At 30 September 2011 HK$	At 31 March 2011 HK$
Cash and bank balances	**395,212,093**	4,684,153
Deposits at other financial institution	**44,441,039**	–
	439,653,132	4,684,153

The effective interest rate of the deposits range from 0.01% to 0.5% (31 March 2011: 0.01% to 0.02%) per annum and all of them have a maturity within three months from initial inception.

21. OTHER PAYABLES AND ACCRUALS

	At 30 September 2011 HK$	At 31 March 2011 HK$
Accrued expenses	**410,000**	160,000
Other payable – broker	**–**	300
	410,000	160,300

Other payable due to the broker represents the amount due to broker under securities margin account. Under the terms of the margin agreement with the broker, if the Company commits a default in payment on demand of the deposits or margins or any other sums payable to the broker thereunder, on the due date thereof, or otherwise fails to comply with any of the terms therein contained, the broker shall have the right to close the margin account and to dispose of any or all the Companies' securities held by the broker.

22. AMOUNT DUE TO A SHAREHOLDER

The amount due is unsecured and interest-free and had no fixed repayment term.

23. SHARE CAPITAL

Authorised:	**Number of ordinary shares of HK$0.20 each**	*HK$*
At 1 April 2010	100,000,000	20,000,000
Increased in authorised share capital *(note a)*	5,900,000,000	1,180,000,000
At 31 March 2011, 1 April 2011 and 30 September 2011	6,000,000,000	1,200,000,000
Issued and fully paid:		
At 1 April 2010	70,650,000	14,130,000
Issue of shares under placement of shares *(note b)*	14,130,000	2,826,000
Exercise of share options *(note 24)*	5,000,000	1,000,000
At 31 March 2011 and 1 April 2011	89,780,000	17,956,000
Issue of shares under placement of shares *(note c)*	378,760,000	75,752,000
Issue of shares under subscription of shares *(note c)*	113,040,000	22,608,000
At 30 September 2011	581,580,000	116,316,000

(a) On 20 September 2010, the authorised share capital of the Company was increased from HK$20,000,000 divided into 100,000,000 shares to HK$1,200,000,000 divided into 6,000,000,000 shares by the creation of an additional 5,900,000,000 shares which was approved by shareholders in the annual general meeting ("AGM").

(b) On 9 July 2010, the Company entered into a placing agreement with Friedmann Pacific Securities Limited to place a total of 14,130,000 shares of HK$0.20 each in the share capital of the Company to not less than six independent investors at a price of HK$0.368.

(c) On 18 May 2011, the Company entered into a placing agreement with Hooray Securities Limited to place a total of 378,760,000 shares of HK$0.20 each in the share capital of the Company to not less than six independent investors at a price of HK$1.15. On the same date, the Company entered into a subscription agreement to subscribe a total of 113,040,000 shares of HK$0.20 each in the share capital of the Company to Sky Year Limited at a price of HK$1.15.

24. SHARE OPTIONS SCHEME

The Company's share option scheme ("Share Option Scheme") was adopted by an ordinary resolution of the Company on 31 August 2002 for the primary purpose of providing incentives to directors, eligible employees, advisers, consultants and business affiliates.

During the six months ended 30 September 2011, no share options was granted, lapsed or cancelled during the period.

The exercise price is determined by the directors, and will not be less than the highest of (i) the closing price of the shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

Details of the Company's Share Option Scheme are summarised as follow:

	During the year							
Date of grant	Outstanding at 1/4/2010	Granted	exercised	Cancelled	Lapsed	Outstanding at 31/3/2011 and 30/9/2011	Exercisable period	Exercise price per share
Category I: Directors								
5/11/2007	210,000	–	–	–	(210,000)	–	6/11/2007-5/11/2010	HK$1.24
22/11/2007	7,000,000	–	–	(7,000,000)	–	–	22/11/2007-21/11/2017	HK$1.082
3/8/2010 (Note a)	–	5,000,000	(5,000,000)	–	–	–	3/8/2010–2/8/2012	HK$0.44
Category II: Employees								
5/11/2007	1,490,000	–	–	–	(1,490,000)	–	6/11/2007-5/11/2010	HK$1.24
Category III: Consultant								
5/11/2007	300,000	–	–	–	(300,000)	–	6/11/2007-5/11/2010	HK$1.24
	9,000,000	5,000,000	(5,000,000)	(7,000,000)	(2,000,000)	–		

Note:

(a) At the AGM on 20 September 2010, the resolutions to grant of 5,000,000 share options to Ms. Zhong Hui under the share option scheme of the Company had been approved by the shareholders of the Company.

The Group issues equity-settled share-based payments to certain employees and consultant. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually be vested and adjusted for the effect of non market-based vesting conditions.

Based on the Black-Scholes option pricing model, the fair value of the Options granted on 5 November 2007, 22 November 2007 and 20 September 2010 were HK$1.02, HK$1.01 and HK$0.26 respectively, calculated from the data of the share prices for not less than one year. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

1. an expected volatility range of 79 to 156 per cent;

2. expected annual dividend yield range equal to zero;

3. the estimated expected life of the options granted during the year is 2 years; and

4. the quoted interest rate for the Exchange Fund Notes with maturity in 2012 were 0.446 per cent which are adopted to calculate the fair value of options granted on 3 August 2010.

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. As changes in subjective input assumptions can materially affect the fair value estimated, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

The assumptions used are as follows:

	5/11/2007	**22/11/2007**	**20/9/2011**
Risk Free Interest Rate	3.95%	4.85%	0.446%
Expected life	3	10	2
Standard Deviation	152%	151%	150%
Annualized Dividend Yield	0	0	0

Particulars of share options:

Date of grant	**Exercisable period**	**Exercise price per share**
		HK$
5/11/2007	6/11/2007 – 5/11/2010	1.24
22/11/2007	22/11/2007 – 21/11/2017	1.082
3/8/2010	3/8/2010 – 2/8/2012	0.44

The following table summarised movements in the Company's share options during the year:

There is no movement during the six months ended 30 September 2011.

		During the year				Outstanding at 31/3/2011 and 30/9/2011
	Outstanding at 1/4/2010	Granted	Exercised	Cancelled	Lapsed	
Directors						
POON Ho-man	7,000,000	–	–	(7,000,000)	–	–
HA Tak-kong	70,000	–	–	–	(70,000)	–
TONG, I Tony	70,000	–	–	–	(70,000)	–
PENG Feng	70,000	–	–	–	(70,000)	–
ZHONG Hui	–	5,000,000	(5,000,000)	–	–	–
Directors' total	7,210,000	5,000,000	(5,000,000)	(7,000,000)	(210,000)	–
Consultant	300,000	–	–	–	(300,000)	–
Employees	1,490,000	–	–	–	(1,490,000)	–
Grand total	9,000,000	5,000,000	(5,000,000)	(7,000,000)	(2,000,000)	–

25. RESERVES

	Share premium	Share option reserve	Investment revaluation reserve	Warrant reserve	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2010	25,759,973	1,384,719	–	1,270,000	(46,184,745)	(17,770,053)
Changes in equity for the six months ended 30 September 2010 (unaudited)						
Reversal of unlisted warrants	–	–	–	(1,270,000)	1,270,000	–
Issue of shares	2,373,841	–	–	–	–	2,373,841
Issue of share option	–	1,312,758	–	–	–	1,312,758
Total comprehensive expenses for the six months ended 30 September 2010	–	–	–	–	(4,657,573)	(4,657,573)
At 30 September 2010 and 1 October 2010 (unaudited)	28,133,814	2,697,477	–	–	(49,572,318)	(18,741,027)
Changes in equity for the six months ended 31 March 2011 (unaudited)						
Reversal of share-based payments	–	(680,338)	–	–	680,338	–
Written back from cancellation of share-based payments	–	(704,381)	–	–	–	(704,381)
Exercise of share options	2,512,757	(1,312,758)	–	–	–	1,199,999
Total comprehensive expenses for six months ended 31 March 2011	–	–	–	–	(3,661,345)	(3,661,345)
At 31 March 2011 and 1 April 2011	30,646,571	–	–	–	(52,553,325)	(21,906,754)
Changes in equity for the six months ended 30 September 2011						
Issue of shares under placement of shares	359,822,000	–	–	–	–	359,822,000
Issue of shares under subscription of shares	107,388,000	–	–	–	–	107,388,000
Share issue expenses	(11,670,873)	–	–	–	–	(11,670,873)
Total comprehensive income (expense) for the six months ended 30 September 2011	–	–	(11,757,900)	–	3,678,494	(8,079,406)
At 30 September 2011	486,185,698	–	(11,757,900)	–	(48,874,831)	425,552,967

26. WARRANTS

The Company has no warrants outstanding at 30 September 2011 and 31 March 2011 and its movements are as follows:

Date of grant	Outstanding at 1/4/2010	Issued during the year	lapsed during the year	Outstanding at 31/3/2011 and 30/9/2011	Exercisable period	Exercise price per share
27 September 2007	4,300,000	–	(4,300,000)	–	27/9/2007 – 26/9/2010	HK$0.70
30 April 2008	5,600,000	–	(5,600,000)	–	30/4/2008 – 29/4/2010	HK$0.60
	9,900,000	–	(9,900,000)	–		

27. NET ASSET/LIABILITIY VALUE PER SHARE

Net asset/liability value per share is calculated by dividing the net assets/liabilities included in the consolidated statement of financial position of net assets of HK$541,868,967 (for the year ended 31 March 2011: net liabilities of HK$3,950,754) by the number of shares in issue as at 30 September 2011, being 581,580,000 (for the year ended 31 March 2011: 89,780,000).

28. CONNECTED PARTY TRANSACTIONS

During the six months ended 30 September 2011 and 2010, the Group had entered into the following significant related party transactions which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Group's business:

	Six months ended 30 September	
	2011	2010
	HK$	*HK$*
		(unaudited)
Investment manager's fee paid to:		
Success Talent Investment Limited *(note a)*	**1,000,000**	–

Notes:

(a) The Company entered into an investment management agreement with Success Talent Investment Limited on 18 January 2011 for the period from 18 January 2011 to 31 May 2011 and renewed the investment management agreement on 27 May 2011 ("Agreement") for a period from 1 June 2011 to 31 March 2014 with effect from 1 June 2011. Under this Agreement, Success Talent Investment Limited was entitled to receive an investment management fee on a monthly basis at HK$250,000.

Success Talent Investment Limited was also entitled to receive an incentive fee at a rate of 10% of the surplus net asset of the Company as at the last valuation date in a financial year as a defined in the Agreement but the maximum aggregate annual value of the fee shall not be more than HK$6,870,000, HK$9,000,000 and HK$10,000,000 for the financial years ended 31 March 2012, 31 March 2013 and 31 March 2014 respectively.

Remuneration for key management personnel, including amounts paid to the Company's directors and certain of the highest paid employees as disclosed in note 15, is as follows:

	Six months ended 30 September	
	2011	2010
	HK$	*HK$*
		(unaudited)
Directors' fee	**240,000**	45,000
Salaries, allowance and benefits in kind	**1,645,806**	718,110
Contribution to retirement benefits scheme	**–**	6,000
Equity settled share-based payments	**–**	1,312,758
	1,885,806	2,081,868

29. RETIREMENT BENEFITS SCHEME

The Group has participated in a defined contribution Mandatory Provident Fund Scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance for all eligible employees in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustee. Under the scheme, each of the Group (the employer) and its employees makes monthly contributions to the Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Scheme Ordinance. The contributions from each of the employer and employees are subject to a maximum contribution of HK$1,000 per month and thereafter contributions are voluntary. No forfeited contribution is available to reduce the contributions payable in the future years.

The total contributions charged to the consolidated income statement for the six months ended 30 September 2011 amounted to HK$37,769 (2010: HK$21,237), representing contributions payable to the Scheme by the Group in respect of the six months ended 30 September 2011.

30. FINANCIAL INFORMATION OF THE COMPANY

	30 September 2011 HK$	31 March 2011 HK$
Non-current assets		
Property, plant and equipment	**29,167**	651,712
Investment in subsidiaries *(note a)*	**1,096**	1,081
	30,263	652,793
Current assets		
Other receivables and prepayments	**227,748**	43,513
Amount due from subsidiaries	**248,525,120**	3,660,266
Bank and cash balances	**293,469,641**	4,634,803
	542,222,509	8,338,582
Current liability		
Other payables	**410,000**	160,000
	410,000	160,000
Net current assets	**541,812,509**	8,178,582
Non-current liability		
Amount due to a shareholder	**–**	16,000,000
	–	16,000,000
Net assets (liabilities)	**541,842,772**	(7,168,625)
Capital and reserves		
Share capital	**116,316,000**	17,956,000
Reserves *(note b)*	**425,526,772**	(25,124,625)
Total equity (capital deficiency)	**541,842,772**	(7,168,625)

Notes:

(a) Subsidiaries

	THE COMPANY	
	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1,096**	1,081

Details of the subsidiaries at 30 September 2011 are as follows:

Name of subsidiary	Place of incorporation	Particulars of issued share capital	Interest held 30 September 2011	Interest held 31 March 2011	Principal activities
Directly hold:					
Garron International (HK) Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Novel Epoch Investments Limited	The British Virgin Islands	US$100	**100%**	100%	Trading of security
Garron Investment Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Garron International Strategic Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Garron Consultancy Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
Eagle Gain Investments Limited	Hong Kong	HK$1	**100%**	–	Trading of security
China Investment and Finance (Hong Kong) Limited (Formerly known as "China Investments and Finance Group Limited")	Hong Kong	HK$1	**100%**	–	Investment holding
Golden Joyful Investment Development Limited	Hong Kong	HK$2	**100%**	–	Investment holding
Colin Investment Limited	Hong Kong	HK$2	**100%**	–	Investment holding
Twist Magic Investments Limited	Hong Kong	HK$2	**100%**	–	Investment holding

Name of subsidiary	Place of incorporation	Particulars of issued share capital	Interest held 30 September 2011	Interest held 31 March 2011	Principal activities
Winki Limited	Hong Kong	HK$2	**100%**	–	Investment holding
Mass Advance Investments Limited	Hong Kong	HK$2	**100%**	–	Investment holding
Advance Plus International Development Limited	Hong Kong	HK$2	**100%**	–	Investment holding
China Investment and Financing Limited	Hong Kong	HK$1	**100%**	–	Trading of security
Indirectly hold:					
Norton Investment Limited	Hong Kong	HK$2	**100%**	–	Investment holding
Magee International Investment Limited	Hong Kong	HK$2	**100%**	–	Investment holding
Mass Magic International Limited	Cayman Islands	US$1	**100%**	–	Investment holding
Plus Benefits Investment Limited	Cayman Islands	US$1	**100%**	–	Investment holding
Great Advance Investment Limited	Cayman Islands	US$1	**100%**	–	Investment holding

(b) Reserves

	Share premium HK$	Share option reserve HK$	Warrant reserve HK$	Accumulated Losses HK$	Total HK$
At 1 April 2010	25,759,973	1,384,719	1,270,000	(48,646,585)	(20,231,893)
Changes in equity for the six months ended 30 September 2010 (unaudited)					
Reversal of unlisted warrants	–	–	(1,270,000)	1,270,000	–
Issue of shares under placement of shares	2,373,840	–	–	–	2,373,840
Recognition of share-based payments	–	1,312,758	–	–	1,312,758
Loss for the period	–	–	–	(4,657,573)	(4,657,573)
At 30 September 2010 and 1 October 2010 (unaudited)	28,133,813	2,697,477	–	(52,034,158)	(21,202,868)
Changes in equity for the six months ended 31 March 2011 (unaudited)					
Reversal of share-based payments	–	(680,338)	–	680,338	–
Written back from cancellation of share-based payments	–	(704,381)	–	–	(704,381)
Exercise of share options	2,512,758	(1,312,758)	–	–	1,200,000
Loss for the period	–	–	–	(4,417,376)	(4,417,376)
At 31 March 2011 and 1 April 2011	30,646,571	–	–	(55,771,196)	(25,124,625)
Changes in equity for the six months ended 30 September 2011					
Issue of share under placement of shares	359,822,000	–	–	–	359,822,000
Issue of share under subscription of shares	107,388,000	–	–	–	107,388,000
Share issue expenses	(11,670,873)	–	–	–	(11,670,873)
Profit for the period	–	–	–	(4,887,730)	(4,887,730)
At 30 September 2011	486,185,698	–	–	(60,658,926)	425,526,772

31. COMMITMENTS

At 30 September 2011, the Group had minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	At 30 September 2011 HK$	At 31 March 2011 HK$
Within one year	**5,032,000**	1,589,902
In more than one year but not exceeding five years	**3,428,000**	–
	8,460,000	1,589,902

Operating leases are negotiated and payments are fixed for an average of 2 years.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group reported a net profit of HK$3,678,494 for the period, comparing to the net loss of HK$4,657,573 recorded for the corresponding period last year. The substantial increase in profit during the period was mainly due to shareholder's loan wavier of HK$16,000,000 and interest income from debt securities and bank deposits of HK$1,239,124. The increase of administrative expenses was mainly due to increase of staff cost and investment manger fee expense for business expansion.

As at 30 September 2011, the net assets and net asset value per share of the Group rose to HK$541,868,967 and HK$0.93 from net liabilities HK$3,950,754 and net liabilities per share of HK$0.04 respectively. The reason of the significant increase of the net asset of the Group was due to the successful placing and subscription of new shares in May 2011.

Significant Investments

After the placing and subscription of new shares, the Group had enriched the investment portfolio. The size of the investment was increased by about 14.7 times with market value of HK$100,646,955 comparing with 31 March 2011. The investment portfolio of the Group mainly comprises of listed shares in 16 companies and debt securities in 5 companies listed in Hong Kong.

As a whole, the portfolio was carefully managed and being fully diversified to minimise risk resulting from over concentration of the investment of the Group in any single industry. During the period, the investment portfolio of the Group is mainly focused on Hong Kong listed securities and debt investment and covered various industry sectors.

Prospects

Given the slowdown of economic growth in the US and the downgrading of its credit rating of European countries, it has driven the global stock markets into a weak market sentiment. Although the United States Federal Reserve announced an "operation twist", investors doubted its effectiveness in bolstering the economic recovery. Therefore, we expect the global stock market will remain volatile and will be vulnerable to developments in the credit markets in Europe and the economic recovery of the United States.

The management of the Group continues to minimise the market risk from the stock market by diversify investment. We are also reconsidering our investment strategy in the bonds and other unlisted securities with potential return by careful target selection and prudent risk control.

Liquidity and Financial Resources

As at 30 September 2011, the Group had no borrowing and no credit facilities from financial institutions. The Group had bank and cash balances and deposit at other financial institution of HK$439,653,132 (31 March 2011: HK$4,684,153), which was mainly placed in bank as deposits.

Price risk

The Group is exposed to financial assets price risk as investments held by the Group are classified on the consolidated statement of financial position as financial assets at fair value through profit or loss and available-for-sale financial assets. To manage its price risk arising from investments in financial assets, the Group diversifies its portfolio. If the financial assets price of the respective investments held by the Group as financial assets at fair value through profit or loss were higher or lower by 5% as at 30 September 2011, the Group's profit for the period would increase or decrease by HK$697,297 (31 March 2011: HK$341,508).

If the price of the respective investments held by the Group as AFS financial assets were higher or lower by 5% as at 30 September 2011, the Group's investment revaluation reserve for the six months ended 30 September 2011 would increase or decrease by HK$4,335,050. (31 March 2011: HK$ Nil)

Foreign Exchange Exposure
As at 30 September 2011, the majority of the Group's investments was either denominated in Hong Kong dollars or Chinese renminbi. The Group does not carry any contracts to hedge against its foreign exchange risks. The Group will continue to closely monitor the foreign exchange exposure and fluctuation in foreign currency. The Group may consider using forward or hedging contracts to reduce the risks.

Gearing Ratio
As at 30 September 2011, the amount of total liabilities was HK$410,000 (31 March 2011: HK$16,160,300). The gearing being equal to approximately 0.08% (31 March 2011: 133%) of the total assets of HK$542,278,967 (31 March 2011: HK$12,209,546).

Capital Structure
The Group completed the placing and subscription of new shares on 18 May 2011, making the total number of issued share capital of the Group as at 30 September 2011 increased to 581,580,000.

Dividend
The Board has resolved not to recommend a payment of interim dividend.

Capital commitment and contingent liabilities
As at 30 September 2011, the Group had no material capital commitment and contingent liabilities.

Material Acquisition and Disposal of Subsidiary
No material acquisition or disposal of subsidiary during the current period.

Employees
As at 30 September 2011, the Company had retained twelve employees (2010: four employees). Total staff costs of the Company, including directors' remuneration, for the six months ended 30 September 2011 amounted to approximately HK$4,091,000 (2010: approximately HK$2,740,000). Staff remuneration packages were in line with the prevailing market practice and were determined on the basis of the performance and experience of individual employee.

Charges on Assets
Throughout the six months period ended 30 September 2011, assets of the Company were free from any form of legal charge.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 September 2011, the interests and short positions of the directors and chief executives in the ordinary shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (including interest which they are deemed or taken to have under such provisions of the SFO)), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Directors	Number of shares of the Company	Number of underlying shares of the Company	Total	Approximate percentage of shareholding
Chen Yiquan *(note 1)*	135,278,060	–	135,278,060	23.26%
Xie Leshan *(note 2)*	720,000	–	720,000	0.12%

Notes:

1) Mr. Chen Yiquan, an executive director of the Company, is interested in 330,000 shares as at 30 September 2011. Sky Year Limited is interested in 134,948,060 shares of the Company as at 30 September 2011. Mr. Chen Yiquan beneficially owns approximately 55% of the shareholdings of Sky Year Limited.

2) Mr. Xie Leshan, an executive director or the Company, is interested in 720,000 shares as at 30 September 2011.

Save as disclosed above, none of the directors and chief executives had any interests in equity or debt securities of the Company or of any of its associated corporations which were required to be notified to the Company and the Stock Exchange as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate and neither the Directors nor any of their spouses or children under 18 years of age, had any right to subscribe for shares or debt securities of the Company, or had exercised any such rights during the period under review.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2011, to the best knowledge of the Board and chief executives of the Company, the following persons (other than any directors or chief executive of the Company) were substantial shareholders of the Company and had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

	Note	**Number of shares of the Company**	**Approximate percentage of shareholding**
Sky Year Limited	1	134,948,060	23.20%

Notes:

1. Sky Year Limited is interested in 134,948,060 shares of the Company as at 30 September 2011. Mr. Chen Yiquan ("Mr. Chen") beneficially owns approximately 55% of the shareholdings of Sky Year Limited. The interests of Mr. Chen in the Company are stated under the section headed "Directors' and Chief Executives' Interests in Equity or Debt Securities".

Save as disclosed above, the Company had not been notified of any other person (other than directors or chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 September 2011.

Save as disclosed above, the Company had not been notified of any other person, not being a director or chief executive of the Company, who has interest or short positions in the shares of the Company representing 5% or more of the Company's issued share capital.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period, neither the Company nor its subsidiary had purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Code") throughout the period ended 30 September 2011, with deviation from code provisions A.4.1 and A.4.2 of the Code only in respect of the service term and election of the directors.

None of the independent non-executive directors of the Company were appointed for a specific term. But all the directors of the Company are subject to retirement by rotation according to the provisions under article 88 of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in Model Code during the period.

AUDIT COMMITTEE

The Audit Committee of the Company had reviewed the financial statements of the Group for the period ended 30 September 2011, including the accounting principles and accounting practices adopted by the Company, and discussed matters relating to auditing, internal controls, financial reporting, the adequacy of resources, qualification and experience of staff. The figures in respect of the financial statements of the Group's results for the period ended 30 September 2011 have been audited by the Group's auditors, HLM & Co.

The audit committee of the Group consists of 3 independent non-executive directors, namely Mr. HA Tak-kong, Mr. LEUNG Kwong Kin and Mr. LO Chi Ming.

BOARD OF DIRECTORS

As at the date of this report, the board of the Company consists of Mr. XIE Leshan, Mr. CHEN Yiquan, Mr. CHAN Cheong Yee and Mr. SEE Lee Seng Reason as executive directors and Mr. CHEN Kaizhi, Mr. HA Tak-kong, Mr. LEUNG Kwong Kin and Mr. LO Chi Ming as independent non-executive directors.

By Order of the Board of
CHINA INVESTMENT AND FINANCE GROUP LIMITED
Mr. XIE Leshan
Executive Director

Hong Kong, 19 October 2011