

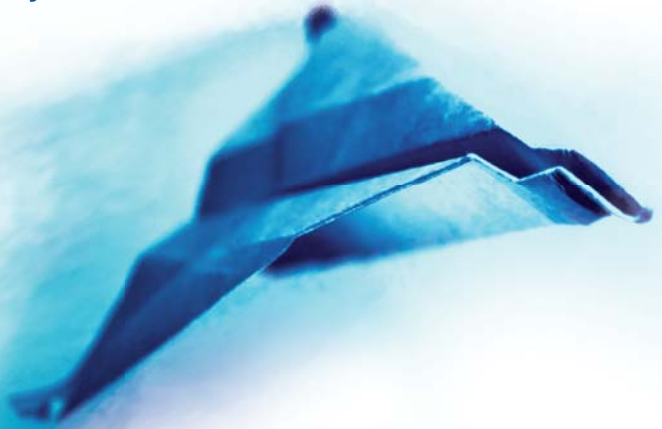


T E M U J I N

TEMUJIN INTERNATIONAL
INVESTMENTS LIMITED
泰潤國際投資有限公司*

*(Incorporated in the Cayman Islands and
continued in Bermuda with limited liability)*
(於開曼群島註冊成立並於百慕達續存之有限公司)

Stock Code 股份代號：204



T E M U J I N

I N T E R I M R E P O R T 2 0 1 1 中 期 報 告

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Hui (*Chief Executive Officer*)

Mr. Zhang Ying Hui

Mr. Wong Chak Keung

Non-executive Director

Mr. Chen Yibiao (*Chairman*)

Independent Non-executive Directors

Mr. Fong Wo, Felix

Mr. Tang Ping Sum

Mr. Lung Chee Ming George

AUDIT COMMITTEE

Mr. Fong Wo, Felix

Mr. Tang Ping Sum

Mr. Lung Chee Ming George

REMUNERATION COMMITTEE

Mr. Fong Wo, Felix

Mr. Tang Ping Sum

Mr. Lung Chee Ming George

COMPANY SECRETARY

Mr. Wong Chak Keung

INVESTMENT MANAGER

United Gain Investment Limited

CUSTODIANS

China Everbright Securities (HK) Limited

CITIC Securities Brokerage (HK) Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Industrial and Commercial Bank of

China (Asia) Limited

The Hongkong and Shanghai Banking

Corporation Limited

AUDITORS

HLM & Co.

Certified Public Accountants

LEGAL ADVISERS

Hong Kong Law

Michael Li & Co.

Bermuda Law

Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM08

Bermuda

BRANCH SHARE REGISTRAR

Union Registrars Limited

18/F, Fook Lee Commercial Centre

Town Place, 33 Lockhart, Wanchai

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS

Units 7809-13, 78/F, The Center

99 Queen's Road Central, Central

Hong Kong

WEBSITE

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

STOCK CODE

204

INTERIM RESULTS

The board of directors (the “Board”) of Temujin International Investments Limited (the “Company”) hereby announced the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2011 (the “Period”) together with the comparative figures for the corresponding period in 2010. The unaudited results for the Period have been reviewed by the Company’s Audit Committee and are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2011

| | | Six months ended 30 September | |
|--|-------|--|---------------------------------|
| | Notes | 2011 HK\$'000 (unaudited) | 2010 HK\$'000 (unaudited) |
| Revenue | 5 | 1,802 | 1,295 |
| Net unrealised gain on financial assets held for trading | | 101 | – |
| Gain on redemption of convertible bonds | | 5,393 | – |
| Gain on disposal of a subsidiary | | 1 | – |
| Other income | 5 | 200 | – |
| Administrative expenses | | (4,336) | (3,092) |
| Finance costs | 6 | (148) | (3,409) |
| Profit (loss) before tax | 7 | 3,013 | (5,206) |
| Income tax expense | 8 | – | – |
| Profit (loss) attributable to shareholders of the Company | | 3,013 | (5,206) |
| Dividend | 9 | – | – |
| Earnings (loss) per share | 10 | | |
| – Basic (HK cent per share) | | 0.49 | (17.52) |
| – Diluted (HK cent per share) | | 0.49 | (17.52) |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 September 2011*

| | Six months ended 30 September | |
|--|--|-----------------|
| | 2011 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) |
| Profit (loss) attributable to shareholders of the Company | 3,013 | (5,206) |
| Other comprehensive income (expenses): | | |
| Changes in fair value of available-for-sale financial assets | (315) | – |
| Exchange differences on translation of financial statements of foreign operations | 216 | (122) |
| Other comprehensive expense for the period, net of tax | (99) | (122) |
| Total comprehensive income (expense) attributable to the shareholders of the Company | 2,914 | (5,328) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

| | Notes | At 30 September 2011 HK\$'000 (unaudited) | At 31 March 2011 HK\$'000 (audited) |
|---|-------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 344 | 393 |
| Available-for-sale financial assets | 11 | 22,580 | 6,767 |
| | | <u>22,924</u> | <u>7,160</u> |
| Current assets | | | |
| Financial assets designated as held for trading | 12 | 497 | – |
| Loans receivable | 13 | 3,730 | 25,614 |
| Other receivables, deposits and prepayments | | 6,614 | 1,159 |
| Bank and cash balances | | 20,813 | 23 |
| | | <u>31,654</u> | <u>26,796</u> |
| Current liabilities | | | |
| Bank overdraft | | – | 309 |
| Other payables and accrued charges | | 9,016 | 5,522 |
| Amount due to a shareholder | 14 | – | 4,200 |
| | | <u>9,016</u> | <u>10,031</u> |
| Net current assets | | <u>22,638</u> | <u>16,765</u> |
| Non-current liability | | | |
| Convertible bonds | 15 | – | 30,529 |
| Net assets (liabilities) | | <u>45,562</u> | <u>(6,604)</u> |
| Capital and reserves | | | |
| Share capital | 16 | 6,303 | 6,050 |
| Reserves | | 39,259 | (12,654) |
| Total equity (capital deficiency) | | <u>45,562</u> | <u>(6,604)</u> |
| Net asset (liability) value per share | 17 | <u>HK\$0.07</u> | <u>(HK\$0.22)</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 September 2011*

| | Share capital | Share premium | Investment revaluation reserve | Warrant reserve | Convertible bonds equity reserve | Exchange reserve | Accumulated losses | Total |
|---|------------------|------------------|--------------------------------------|--------------------|--|---------------------|-----------------------|---------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2011 (audited) | 6,050 | 90,771 | (875) | 842 | 10,696 | 4,715 | (118,803) | (6,604) |
| Changes in equity for the six months ended 30 September 2011 | | | | | | | | |
| Capital reorganisation | (5,747) | (90,771) | - | - | - | - | 96,518 | - |
| Redemption of convertible bonds | - | - | - | - | (10,696) | - | - | (10,696) |
| Issue of shares | 6,000 | 54,000 | - | - | - | - | - | 60,000 |
| Shares issue expenses | - | (52) | - | - | - | - | - | (52) |
| Other comprehensive income (expense) | - | - | (315) | - | - | 216 | - | (99) |
| Profit for the period | - | - | - | - | - | - | 3,013 | 3,013 |
| | <u>6,303</u> | <u>53,948</u> | <u>(1,190)</u> | <u>842</u> | <u>-</u> | <u>4,931</u> | <u>(19,272)</u> | <u>45,562</u> |
| At 30 September 2011 (unaudited) | | | | | | | | |
| At 1 April 2010 (audited) | 5,050 | 83,205 | (455) | 842 | 13,370 | 3,725 | (105,520) | 217 |
| Changes in equity for the six months ended 30 September 2010 | | | | | | | | |
| Conversion of convertible bonds | 1,000 | 7,566 | - | - | (2,674) | - | - | 5,892 |
| Other comprehensive expense | - | - | - | - | - | (122) | - | (122) |
| Loss for the period | - | - | - | - | - | - | (5,206) | (5,206) |
| | <u>6,050</u> | <u>90,771</u> | <u>(455)</u> | <u>842</u> | <u>10,696</u> | <u>3,603</u> | <u>(110,726)</u> | <u>781</u> |
| At 30 September 2010 (unaudited) | | | | | | | | |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

| | Six months ended 30 September | |
|---|--|--------------------|
| | 2011 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) |
| Net cash generated from (used in) operating activities | 5,399 | (377) |
| Net cash used in investing activities | (12,750) | (142) |
| Net cash generated from financing activities | 27,948 | – |
| | <hr/> | <hr/> |
| Net increase (decrease) in cash and cash equivalents | 20,597 | (519) |
| Effect of foreign exchange rate charge | 502 | – |
| Cash and cash equivalents at 1 April | (286) | 868 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at 30 September | 20,813 | 349 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Analysis of the balance of cash and cash equivalents | | |
| Bank and cash balances | 20,813 | 349 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2011

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 March 1998 and was de-registered on 11 March 2011 and was registered by way of continuation as an exempted company in Bermuda on 2 March 2011. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 12 December 2000. Its registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal office in Hong Kong is located at Units 7809-13, 78/F., The Center, 99 Queen's Road Central, Central, Hong Kong.

The Company is principally engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities.

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

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The condensed consolidated financial statements should be read in conjunction with the 2011 audited financial statements of the Company. The accounting policies and basis of preparation used in the preparation of condensed consolidated financial statements are consistent with those applied in the Company's audited financial statements for the year ended 31 March 2011. The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair values or revalued amounts, as appropriate.

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 condensed consolidated financial statements

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 March 2011, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRS”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”), which have become effective for accounting periods beginning on or after April 2011, that are adopted for the first time for the current period’s financial statements.

| | |
|--------------------------------|--|
| HKFRS 1 (Amendments) | Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters |
| HKFRS 3 (Amendments) | Business Combination (2008) – Improvements to HKFRSs (2010) |
| HKAS 1 (Amendments) | Presentation of Financial Statements – Improvements to HKFRSs (2010) |
| HKAS 24 (as revised in 2009) | Related Party Disclosures |
| 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 |
| HK(IFRIC)- Int 20 | Stripping Costs in the Production Phase of a Surface Mine 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. SEGMENT INFORMATION

During the six months ended 30 September 2011, the Group's turnover and net profit were mainly derived from the interest income and gain on redemption of convertible bonds. 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 the operating profit.

The Group operates in three principal geographical areas – Hong Kong SAR, the People's Republic of China (excluding Hong Kong) ("the PRC") and The Republic of Korea. The Group's segment assets and liabilities for the period, analysed by geographical area, are as follows:

| | Hong Kong, SAR | | The PRC | | The Republic of Korea | | Total | |
|-----------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| | 30/9/2011 HK\$'000 (unaudited) | 31/3/2011 HK\$'000 (audited) | 30/9/2011 HK\$'000 (unaudited) | 31/3/2011 HK\$'000 (audited) | 30/9/2011 HK\$'000 (unaudited) | 31/3/2011 HK\$'000 (audited) | 30/9/2011 HK\$'000 (unaudited) | 31/3/2011 HK\$'000 (audited) |
| ASSETS AND LIABILITIES | | | | | | | | |
| Assets | | | | | | | | |
| Segment assets | 18,309 | 110 | 1,117 | 1,117 | 7,952 | 30,225 | 27,378 | 31,452 |
| Unallocated corporate assets | | | | | | | 27,200 | 2,504 |
| Total assets | | | | | | | 54,578 | 33,956 |
| Liabilities | | | | | | | | |
| Segment liabilities | - | - | - | - | 2,088 | 1,291 | 2,088 | 1,291 |
| Unallocated corporate liabilities | | | | | | | 6,928 | 39,269 |
| Total liabilities | | | | | | | 9,016 | 40,560 |
| Other information: | | | | | | | | |
| Addition to non-current assets | 39 | 87 | - | - | - | - | 39 | 87 |
| Depreciation | 25 | 209 | - | - | 45 | 85 | 70 | 294 |

5. REVENUE AND OTHER INCOME

An analysis of revenue and other income are as follows:

| | Six months ended 30 September | |
|---|--|--|
| | 2011 HK\$'000 (unaudited) | 2010 HK\$'000 (unaudited) |
| Revenue: | | |
| Interest income on loans to third parties | 1,796 | 1,295 |
| Interest income from convertible bonds | 6 | – |
| | <u>1,802</u> | <u>1,295</u> |
| Other income: | | |
| Written back the over-provision of professional fee in prior year | 200 | – |
| | <u>200</u> | <u>–</u> |
| Total | <u><u>2,002</u></u> | <u><u>1,295</u></u> |

The Group's revenue represents interest income earned from loans to 3 independent third parties which was loans receivable included in condensed consolidated statement of financial position and interest income from convertible bonds. No other source of income contributed to the Group's revenue for both six months ended 30 September 2011 and 2010.

6. FINANCE COSTS

| | Six months ended 30 September | |
|--|--|--|
| | 2011 HK\$'000 (unaudited) | 2010 HK\$'000 (unaudited) |
| Interest on borrowings wholly repayable within five years: | | |
| Interest expenses on convertible bonds | 148 | 3,409 |
| | <u><u>148</u></u> | <u><u>3,409</u></u> |

7. PROFIT (LOSS) BEFORE TAX

| | Six months ended 30 September | |
|--|--|---------------------------------|
| | 2011 HK\$'000 (unaudited) | 2010 HK\$'000 (unaudited) |
| Profit (loss) before tax has been arrived at after charging: | | |
| Directors' remunerations | | |
| – Fees | | |
| Executive directors | 377 | 366 |
| Non-executive director | 117 | – |
| Independent non-executive directors | 322 | 120 |
| – Executive director's remuneration | 175 | – |
| – Contributions to retirement benefit scheme | 5 | 6 |
| | <hr/> | <hr/> |
| Total directors' remunerations | 996 | 492 |
| | <hr/> | <hr/> |
| Staff costs | | |
| – Salaries | 358 | 294 |
| – Contributions to retirement benefit scheme | 5 | 14 |
| | <hr/> | <hr/> |
| Total staff costs (excluding directors' remunerations) | 363 | 308 |
| | <hr/> | <hr/> |
| Auditors' remuneration | 100 | – |
| Rent and rates | 829 | 543 |
| Depreciation | 70 | 493 |
| Investment management fee | 295 | 50 |
| | <hr/> <hr/> | <hr/> <hr/> |
| and after crediting: | | |
| Interest income on loan to third parties | 1,796 | 1,295 |
| Interest income from convertible bonds | 6 | – |
| | <hr/> <hr/> | <hr/> <hr/> |

8. INCOME TAX EXPENSE

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: 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.

9. DIVIDEND

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

10. EARNINGS (LOSS) PER SHARE

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

| | Six months ended 30 September | |
|---|--|--|
| | 2011 HK\$'000 (unaudited) | 2010 HK\$'000 (unaudited) |
| Profit (loss) for the purposes of basic earnings (loss) per share | 3,013 | (5,206) |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share | 613,767,244 | 29,701,309 |

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

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 30 September 2011 HK\$'000 (unaudited) | | 31 March 2011 HK\$'000 (audited) |
|---|---|--------------|---|
| | Unlisted equity securities overseas, at fair value (note 1) | 1,117 | 1,117 |
| Unlisted equity securities overseas, at cost (note 2) | 3,278 | 5,650 | |
| Unlisted debt securities overseas, at fair value (note 3) | 18,185 | – | |
| | 22,580 | 6,767 | |

Particulars of available-for-sale financial assets are as follows:

| Name of investee companies | Place of incorporation | Percentage of interest held | Unlisted equity securities, at cost | | Fair value adjustment | | Carrying value | |
|---|--|-----------------------------|-------------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | | | 30.9.2011 | 31.3.2011 | 30.9.2011 | 31.3.2011 | 30.9.2011 | 31.3.2011 |
| | | | HK\$'000 (unaudited) | HK\$'000 (audited) | HK\$'000 (unaudited) | HK\$'000 (audited) | HK\$'000 (unaudited) | HK\$'000 (audited) |
| Note 1: Shanghai Health Bio-Pharmaceutical Co., Ltd. ("Shanghai Health") | The People's Republic of China ("PRC") | 5% | 1,991 | 1,991 | (874) | (874) | 1,117 | 1,117 |

Shanghai Health is principally engaged in development of medical products in the PRC. No dividend was received or receivable during the period.

| Name of investee companies | Place of incorporation | Percentage of interest held | Unlisted equity securities, at costs | | Impairment | | Carrying value | |
|--|------------------------|-----------------------------|--------------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | | | 30.9.2011 | 31.3.2011 | 30.9.2011 | 31.3.2011 | 30.9.2011 | 31.3.2011 |
| | | | HK\$'000 (unaudited) | HK\$'000 (audited) | HK\$'000 (unaudited) | HK\$'000 (audited) | HK\$'000 (unaudited) | HK\$'000 (audited) |
| Note 2: Ergomics Co., Ltd. ("Ergomics") | The Republic of Korea | 15% | - | 2,104 | - | - | - | 2,104 |
| ILC Co., Ltd. ("ILC") | The Republic of Korea | 20% | 3,278 | 3,546 | - | - | 3,278 | 3,546 |
| Total | | | 3,278 | 5,650 | - | - | 3,278 | 5,650 |

Ergomics is principally engaged in production, sale and trading of PIP products and equipment. The carrying amount of investment in Ergomics is HK\$2,104,000, representing approximately 15% equity interest in Ergomics. No dividend was received or receivable during the period. On August 2011, the Group had disposed a subsidiary, Temujin International Strategic II Limited which held the equity interest in Ergomics at HK\$2,105,000.

ILC is principally engaged in service business of providing information and e-commerce business. The carrying amount of investment in ILC as at 31 March 2011 is KRW500,000,000, which is equivalent to approximately HK\$3,278,000. No dividend was received or receivable during the period (six months ended 30 September 2010: nil). At 30 September 2011, the directors of the Company assessed that no impairment loss was required to be made for the investment in ILC.

| Name of investee companies | Place of incorporation | Unlisted debt securities, at cost | | Fair value adjustment | | Carrying value | |
|---|------------------------|-----------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | | 30.9.2011 | 30.3.2011 | 30.9.2011 | 31.3.2011 | 30.9.2011 | 31.3.2011 |
| | | HK\$'000 (unaudited) | HK\$'000 (audited) | HK\$'000 (unaudited) | HK\$'000 (audited) | HK\$'000 (unaudited) | HK\$'000 (audited) |
| Note 3: Babie's Holdings Limited | British Virgin Islands | 9,500 | - | (217) | - | 9,283 | - |
| Splendid Beauty Salon Holding Co., Ltd. (formerly known as Smart Planner Limited) | British Virgin Islands | 9,000 | - | (98) | - | 8,902 | - |
| | | 18,500 | - | (315) | - | 18,185 | - |

On 29 September 2011, the Company invested the 8% unsecured convertible bonds issued by Babie's Holdings Limited ("Babie's") at a face value of HK\$9,500,000, which bear coupon interest rate of 8% per annum. Babie's is an investment holding and its business will be principally engaged in early childhood education catering for children's social, emotional and academic development in the PRC. The convertible bonds due on 29 September 2015 ("2015 Convertible Bonds") are convertible into fully paid ordinary shares of Babie's with a par value of USD1.00 each at a conversion price of HK\$100,000 per share. The Company can exercise the conversion at anytime until the maturity date.

On 30 September 2011, the Company invested the 8% unsecured convertible bonds issued by Splendid Beauty Salon Holding Co., Ltd. (formerly known as Smart Planner Limited) ("Splendid") at a face value of HK\$9,000,000, which bear coupon interest rate of 8% per annum. Splendid is an investment holding and its business will be principally engaged in professional and quality beauty treatments, services and products in the PRC. The convertible bonds due on 30 September 2014 ("2014 Convertible Bonds") are convertible into fully paid ordinary shares of Splendid with a par value of USD1.00 each at a conversion price of HK\$100,000 per share. The Company can exercise the conversion at anytime until the maturity date.

The fair values of the debt securities have been determined by a firm of independent professional valuers, Ascent Partners Transaction Service Limited. At 30 September 2011, the aggregate fair values of the 2015 Convertible Bonds and 2014 Convertible Bonds were approximately HK\$18,185,000.

12. FINANCIAL ASSETS DESIGNATED AS HELD FOR TRADING

| | At 30 September 2011 HK\$'000 (unaudited) | At 31 March 2011 HK\$'000 (audited) |
|---|--|--|
| Hong Kong listed equity securities, at market value | 497 | – |

13. LOANS RECEIVABLE

The balances comprise loans and interest receivable as follow:

| | At 30 September 2011 HK\$'000 (unaudited) | At 31 March 2011 HK\$'000 (audited) |
|--|---|---|
| Loans to third parties | 3,472 | 21,275 |
| Interest receivable | 258 | 4,339 |
| | <hr/> | <hr/> |
| | 3,730 | 25,614 |
| Less: Balances due within one year included in current assets | <u>(3,730)</u> | <u>(25,614)</u> |
| | <hr/> | <hr/> |
| Non-current portion | - | - |
| | <hr/> <hr/> | <hr/> <hr/> |

Note:

At the end of the reporting period, loans receivable carry fixed interest rates at 30% per annum (year ended 31 March 2011: 30% per annum) and all loans receivable are due within one year.

14. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest free and has no fixed repayment term.

15. CONVERTIBLE BONDS

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

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

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

The movement of liabilities component of the convertible bonds for the periods is set out below:

| | The Group and the Company |
|---|--------------------------------------|
| | <i>HK\$'000</i> |
| Liability component at 1 April 2010 (audited) | 29,162 |
| Interest charged | 3,916 |
| Imputed interest charged | 3,343 |
| Converted into ordinary shares | (5,892) |
| | <hr/> |
| Liability component at 31 March 2011 and 1 April 2011 (audited) | 30,529 |
| Interest charged | 63 |
| Imputed interest charged | 85 |
| Interest paid | (4,064) |
| Redeemed during the period | (26,613) |
| | <hr/> |
| Liability component at 30 September 2011 (unaudited) | – |
| | <hr/> <hr/> |

Imputed interest on the convertible bonds is calculated on the effective yield basis by applying the effective interest rate for an equivalent non-convertible bond to the liability component of the convertible bonds.

The liability component is measured at amortised cost. The interest charged on convertible bonds for the period of HK\$63,000 (year ended 31 March 2011: HK\$3,916,000) is calculated based on 12% on principal amount of convertible bonds. The imputed interest charged for the period of HK\$85,000 (year ended 31 March 2011: HK\$3,343,000) is calculated by applying an effective interest rate of 29.47% to the outstanding liability component. Interest paid in the current period is HK\$4,064,000 (year ended 31 March 2011: nil). The effective interest rate is determined by an independent valuer at the date of issuing of convertible bonds.

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

On 6 April 2011, all remaining convertible bonds have been redeemed.

16. SHARE CAPITAL

| Authorised: | Number of ordinary shares of HK\$0.20 each | Number of ordinary shares of HK\$0.01 each | Nominal value HK\$'000 |
|--|--|--|---------------------------|
| At 1 April 2010, 31 March 2011 and 1 April 2011 | 500,000,000 | – | 100,000 |
| Capital reorganisation (<i>note b</i>) | (500,000,000) | 10,000,000,000 | – |
| | <u>–</u> | <u>10,000,000,000</u> | <u>100,000</u> |
| Issued and fully paid: | | | |
| At 1 April 2010 (audited) | 25,250,760 | – | 5,050 |
| Conversion of convertible bonds (<i>note a</i>) | 5,000,000 | – | 1,000 |
| | <u>30,250,760</u> | <u>–</u> | <u>6,050</u> |
| At 31 March 2011 and 1 April 2011 (audited) | 30,250,760 | – | 6,050 |
| Capital reorganisation (<i>note b</i>) | (30,250,760) | 30,250,760 | (5,747) |
| Issue of shares (<i>note c</i>) | – | 600,000,000 | 6,000 |
| | <u>–</u> | <u>630,250,760</u> | <u>6,303</u> |
| At 30 September 2011 (unaudited) | <u>–</u> | <u>630,250,760</u> | <u>6,303</u> |

Notes:

- (a) On 3 May 2010, the convertible bonds were converted into 5,000,000 ordinary shares with principal amount of HK\$8,000,000 at a conversion price of HK\$1.6 per conversion share.
- (b) The capital reorganisation of the Company was effective on 6 April 2011 by way of a reduction of share capital which involved a subdivision of each share of HK\$0.20 each into 20 new shares of HK\$0.01 each and the cancellation of 19 of every 20 issued shares in the share capital of the Company after the subdivision of shares, so effectively the share capital of the Company was reduced to extent that HK\$0.19 of the paid-up capital of the Company on each of the existing issued share of HK\$0.20 was cancelled.
- (c) On 6 April 2011, the Company completed the issue of 600,000,000 new shares of HK\$0.01 each (the “New Shares”) to Jade Bright Limited, the existing substantial shareholder of the Company, at the consideration of HK\$60,000,000 under the subscription agreement dated 10 December 2010 (as supplemented by the supplemental agreement dated 13 January 2011) and entered into between the Company and Jade Bright Limited. Immediately after the completion of the subscription agreement, Jade Bright Limited had placed down 129,418,000 New Shares to six independent investors.

17. NET ASSET (LIABILITY) VALUE PER SHARE

Net asset (liability) value per share is calculated by dividing the net assets included in the condensed consolidated statement of financial position of approximately HK\$45,562,000 (net liabilities at 31 March 2011: HK\$6,604,000) and the number of ordinary shares in issue as at 30 September 2011, being 630,250,760 (31 March 2011: 30,250,760).

18. WARRANTS

The Company has a total of 4,208,460 warrants outstanding at 31 March 2011 and its movement is as follows:

| Date of grant | Outstanding at 1/4/2011 | Issued during the period | Exercised/ lapsed during the period | Outstanding at 30/9/2011 | Exercise period | Exercise price per share |
|-----------------|-------------------------|--------------------------|--|--------------------------|------------------------------------|--------------------------|
| 6 February 2009 | 4,208,460 | - | - | 4,208,460 | 6 February 2009 to 5 February 2012 | HK\$1.00 |

Note:

No warrants has been exercised during the six months ended 30 September 2011.

19. RELATED PARTY TRANSACTIONS

- (a) Compensation of key management personnel, including the directors and other members of key management, during the period is as follows:

| | Six months ended 30 September | |
|---|---------------------------------|---------------------------------|
| | 2011 HK\$'000 (unaudited) | 2010 HK\$'000 (unaudited) |
| Salaries, allowances and benefits in kind | <u>996</u> | <u>492</u> |

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

| | Six months ended 30 September | |
|--|---------------------------------|---------------------------------|
| | 2011 HK\$'000 (unaudited) | 2010 HK\$'000 (unaudited) |
| United Gain Investment Limited ("United Gain") | <u>295</u> | <u>50</u> |

Note:

The Company and United Gain entered into an investment management agreement for appointing United Gain as investment manager of the Group. The annual investment management fee is equivalent to the higher of HK\$100,000 or 1.25% of the Group's net asset value, provided that such annual fee shall not exceed HK\$600,000.

20. RETIREMENT BENEFIT 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 condensed consolidated income statement amounted to HK\$10,000 (six months ended 30 September 2010: HK\$20,000), representing contributions payable to the Scheme by the Group in respect of the six months ended 30 September 2011.

21. OPERATING LEASE COMMITMENTS

At the end of reporting period, the Group had following commitments for future minimum lease payments under non-cancellable operating leases.

| | At 30 September 2011 HK\$'000 (unaudited) | At 31 March 2011 HK\$'000 (audited) |
|---------------------------------------|---|---|
| Within one year | 2,664 | — |
| In the second to fifth year inclusive | 4,218 | — |
| | <hr/> 6,882 <hr/> | <hr/> — <hr/> |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2011, the Company recorded revenue of approximately HK\$1,802,000 arising mainly from interest income on loans to third parties and convertible bonds. The Group recorded a profit attributable to shareholders of the Company amounting to approximately HK\$3,013,000 during the six months ended 30 September 2011 when compared to the loss attributable to shareholders of the Company in the amount of approximately HK\$5,206,000 for corresponding period in 2010.

The increase in the profit was mainly attributed by the gain on redemption of convertible bonds and the drop in interest expenses for the same convertible bonds of the Company.

During the six months ended 30 September 2011, the Company disposed the equity interest in Ergomics Co., Ltd. through the disposal of a wholly-owned subsidiary of the Company at a consideration of HK\$2,105,000 which was approximated to its carrying value upon disposal

Capital Reorganisation and Fund Raising Activities

On 1 April 2011 (Bermuda time), the capital reorganisation of the Company was effected by way of a reduction of share capital which involved a subdivision of each ordinary share of HK\$0.20 each into 20 new ordinary shares of HK\$0.01 each and the cancellation of 19 out of every 20 issued shares in the share capital of the Company after the subdivision of shares. The amount of the share capital reduction was used to offset the accumulated losses of the Company.

On 6 April 2011, 600,000,000 new shares of the Company were issued and allotted at the subscription price of HK\$0.10 per share. The new shares had been issued and fully paid.

Significant Investments

On 29 September 2011, the Company invested the 8% unsecured convertible bonds issued by Babie's Holdings Limited ("Babie's") at a face value of HK\$9,500,000, which bear coupon interest rate of 8% per annum. Babie's is an investment holding and its business will be principally engaged in early childhood education catering for children's social, emotional and academic development in the PRC. The convertible bonds due on 29 September 2015 are convertible into fully paid ordinary shares of Babie's with a par value of USD1.00 each at a conversion price of HK\$100,000 per share. The Company can exercise the conversion at anytime until the maturity date.

On 30 September 2011, the Company invested the 8% unsecured convertible bonds issued by Splendid Beauty Salon Holding Co., Ltd. (formerly known as Smart Planner Limited) ("Splendid") at a face value of HK\$9,000,000, which bear coupon interest rate of 8% per annum. Splendid is an investment holding and its business will be principally engaged in professional and quality beauty treatments, services and products in the PRC. The convertible bonds due on 30 September 2014 are convertible into fully paid ordinary shares of Splendid with a par value of USD1.00 each at a conversion price of HK\$100,000 per share. The Company can exercise the conversion at anytime until the maturity date.

As at 30 September 2011, the Company continued its investment in unlisted companies, namely Shanghai Health Bio-Pharmaceutical Co., Ltd. and ILC Co., Ltd., amounting to total cost of approximately HK\$5,269,000 and total carrying value of approximately HK\$4,395,000 respectively. The Company also held listed investment in Hong Kong at market value of approximately HK\$497,000.

Save as disclosed above, the Company and its subsidiaries had not made any significant investments, material acquisitions or disposals for the six months ended 30 September 2011.

Liquidity and Financial Resources

As at 30 September 2011, the Group had current assets of approximately HK\$31,654,000 (31 March 2011: approximately HK\$26,796,000) and the net assets of approximately HK\$45,562,000 (31 March 2011: net liabilities of approximately HK\$6,604,000). There was cash and bank balances of approximately HK\$20,813,000 (31 March 2011: approximately HK\$23,000) as at 30 September 2011.

As at 30 September 2011, the Group had no material borrowings. Current ratio, calculated on the basis of total current assets over total current liabilities at period-end date, was approximately 3.5 (31 March 2011: 2.7).

Pledge of Assets

As at 30 September 2011 and 31 March 2011, the Group had no asset pledged to banks or any other parties to secure for loan granted to the Group.

Capital Structure

Details in the changes of the capital structure of the Company during the six months ended 30 September 2011 are set out in note 16 to the condensed consolidated financial statements. The capital of the Company comprises only ordinary shares as at 30 September 2011.

Foreign Currency Fluctuation

Most of the business transactions of the Group are denominated in Hong Kong dollars and Korean Won. Management of the Group will closely monitor the fluctuation in these currencies and take appropriate actions when needed. As at 30 September 2011, the Group did not have any hedging activities against its foreign exchange exposure nor did it adopt any formal hedging policies. The Group had not entered into any financial derivatives during the six months ended 30 September 2011.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

Other than the operating lease commitment as disclosed in note 21 to the condensed consolidated financial statements, the Group did not have significant capital commitment nor contingent liabilities as at 30 September 2011.

EMPLOYEES

As at 30 September 2011, the Group had 7 employees (31 September 2010: 9 employees). The total remuneration paid to staff and directors was approximately HK\$1,359,000 (six months ended 30 September 2010: HK\$800,000) during the six months ended 30 September 2011. The employees were remunerated based on their responsibilities and performance.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 30 September 2011, the interests and short positions of the directors, the chief executives and their associates of the Company in the shares, underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executives and their associates of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code") in the Listing Rules as follows:

LONG POSITION IN THE SHARES OF THE COMPANY

Ordinary shares of HK\$0.01 each of the Company (the "Share")

| Name of Director | Capacity | Number of shares held | Approximate |
|-------------------------------|------------------------------------|-----------------------|-------------------------------|
| | | | percentage of shares in issue |
| Liu Hui (<i>note 1</i>) | Interest of controlled corporation | 470,582,000 | 74.67% |
| Chan Yibiao (<i>note 1</i>) | Interest of controlled corporation | 470,582,000 | 74.67% |

Note:

- The shares of the Company are held by Jade Bright Limited. Each of Mr. Liu Hui and Mr. Chan Yibiao has interest in Jade Bright Limited. Accordingly, Mr. Liu Hui and Mr. Chan Yibiao are deemed to have interest in the Shares held by Jade Bright Limited.

Save as disclosed above, at no time during the six months ended 30 September 2011 was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the directors or chief executives and their associates of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

Save as disclosed above, none of the directors or the chief executives and their associates of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within in meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed issuers contained in the Listing Rules as at 30 September 2011.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2011, so far as is known to the Directors and the chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

The Shares

| Name of Shareholders | Capacity | Number of shares held | Approximate percentage of shares in issue |
|---|------------------------------------|------------------------------|--|
| Jade Bright Limited (note 1) | Beneficial owner | 470,582,000 | 74.67% |
| Bestlead Group Limited (note 1 and 2) | Interest of controlled corporation | 470,582,000 | 74.67% |
| The Great Wall Global Capital Group Limited (note 1 and 3) | Interest of controlled corporation | 470,582,000 | 74.67% |
| Chen Qianhua (note 1, 2 and 3) | Interest of controlled corporation | 470,582,000 | 74.67% |

Notes:

1. Jade Bright Limited is a private company owned as to 29% owned by Bestlead Group Limited, 26% owned by The Great Wall Global Capital Group Limited and 39% owned by Mr. Liu Hui. Mr. Liu Hui is a director of the Company.
2. Bestlead Group Limited is a private company wholly and beneficially owned by Mr. Chen Yibiao, a director of the Company. Mr. Chen Yibiao is deemed to have interest in the Shares indirectly held by Bestlead Group Limited and the Shares indirectly held by The Great Wall Global Capital Group Limited as mentioned in note 3 below.
3. The Great Wall Global Capital Group Limited is a private company wholly and beneficially owned by Ms. Chen Qianhua, the spouse of Mr. Chen Yibiao. Ms. Chen Qianhua is deemed to have interest in the Share indirectly held by The Great Wall Global Capital Group Limited and the Shares indirectly held by Bestlead Group Limited as mentioned in note 2 above.

Save as disclosed above, the directors were not aware of any other person being interested in 5% of more or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 September 2011.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the six months period ended 30 September 2011.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in note 16(c) to the condensed consolidated financial statements, at no time during the six months ended 30 September 2011 was the Company or its subsidiary a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDIT COMMITTEE

As at the date of this interim report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Fong Wo, Felix, Mr. Tang Ping Sum and Mr. Lung Chee Ming George. The principal duties of the Audit Committee include the review and supervision of the Company's financial reporting system and internal control procedures and review of the Company's financial information.

The Group's unaudited interim financial information for the six months ended 30 September 2011 has been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 September 2011, the Company complied with the code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Model Code in Appendix 10 of the Listing Rules. Having made specific enquiry to all directors, all directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by directors throughout the six months ended 30 September 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2011, the Company had complied with the requirements of the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules, except that

1. the Company has no fixed terms of appointment for non-executive directors, and
2. the Company had only two independent non-executive directors and audit committee members, the number of which fell below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules during the period from 11 August 2011 to 9 November 2011.

The non-executive director and independent non-executive directors are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. Such practice deviates from the provision A.4.1 of the CG Code which requires that non-executive directors be appointed for a specific term. The Board has discussed and concluded the current practice of appointing non-executive director and independent non-executive directors without specific terms but otherwise subject to rotation and re-election by shareholders is fair and reasonable, and does not intend to change the current practice at the moment.

Following the appointment of Mr. Lung Chee Ming George as an independent non-executive director of the Company on 10 November 2011, the Company complied with the rules 3.10(1) and 3.21 of Listing Rules accordingly.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the percentage of the Company's shares which are in the hands of the public is not less than 25% of the Company's total number of issued shares during the six months ended 30 September 2011.

OUTLOOK

In line with our investment policy and strategy, the Company will continue to seek opportunistic investments in the public and private equities markets that fit its investment criteria on those investments generating more consistent and less volatile returns and also having the potential to offer positive returns even in times of falling markets.

The Group will also consider fund raising exercise to strengthen the financial position of the Group when suitable situation arise. With more financial resources, the Group could expand its investment opportunities which will have attractive return to the Group's operating results in the years to come.

By Order of the Board
Temujin International Investments Limited
Wong Chak Keung
Executive Director and Company Secretary

Hong Kong, 25 November 2011



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