



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

Positioned for
Growth

2012
Interim Report



BEIJING



HONG KONG



MACAU



TIANJIN



SHANGHAI

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Huang Zhijian

Ms. Lee Wai Tsang Rosa

Non-Executive Director

Mr. Lee Woo Sing (*Chairman*)

Independent Non-Executive Directors

Mr. Lu Fan

Dr. Zhang Hongru

Dr. Chow Yunxia, Carol

(formerly known as Zhou Yunxia)

COMPANY SECRETARY

Ms. Chung Wing Han Wendy

AUDIT COMMITTEE

Mr. Lu Fan

Dr. Zhang Hongru

Dr. Chow Yunxia, Carol

INVESTMENT MANAGER

Grand Investment (Securities) Limited
1/F–3/F,

No. 269–277 Queen's Road Central
Hong Kong

CUSTODIAN

DBS Bank Ltd., Hong Kong Branch
18th Floor, The Center,
99 Queen's Road Central
Hong Kong

AUDITORS

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

PRINCIPAL BANKER

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong law

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

As to Bermuda law

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

Unaudited Condensed Interim Financial Statements

RESULTS

The board (the “Board”) of directors (the “Directors”) of Grand Investment International Ltd. (the “Company”) is pleased to announce the unaudited condensed results of the Company for the six months period from 1 April 2012 to 30 September 2012 (the “Period”). These interim financial statements have not been audited, but have been reviewed by the Company’s audit committee and our auditors.

On behalf of the Board

Grand Investment International Ltd.

Lee Wai Tsang, Rosa

Executive Director

Condensed Income Statement

For the six months ended 30 September 2012

	NOTE	For the six months ended	
		30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
REVENUES	5	1,087	(484)
OTHER REVENUES	6	5	31
ADMINISTRATIVE EXPENSES		(1,635)	(1,496)
LOSS BEFORE TAXATION	8	(543)	(1,949)
TAXATION	9	–	–
LOSS FOR THE PERIOD		(543)	(1,949)
ATTRIBUTABLE TO: Owners of the Company		(543)	(1,949)
INTERIM DIVIDEND	10	–	–
LOSS PER SHARE (Cents)			
— Basic	11	(0.31)	(1.13)
— Diluted	11	N/A	N/A

The notes on pages 9 to 16 form part of these unaudited condensed interim financial statements.

Condensed Statement of Comprehensive Income

For the six months ended 30 September 2012

	For the six months ended	
	30 September 2012	30 September 2011
<i>NOTE</i>	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
LOSS FOR THE PERIOD	(543)	(1,949)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	–	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(543)	(1,949)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO: Owners of the Company	(543)	(1,949)

The notes on pages 9 to 16 form part of these unaudited condensed interim financial statements.

Condensed Statement of Financial Position

As at 30 September 2012

		30 September 2012 HK'000 (Unaudited)	31 March 2012 HK'000 (Audited)
NON-CURRENT ASSETS			
Available-for-sale investments	12	46,078	46,078
CURRENT ASSETS			
Investments at fair value through profit or loss	13	2,967	3,733
Deposits, prepayments and other receivables	14	304	1,197
Cash and cash equivalents	15	3,341	2,284
TOTAL CURRENT ASSETS		6,612	7,214
CURRENT LIABILITIES			
Other payable and accruals	16	112	171
TOTAL CURRENT LIABILITIES		112	171
NET CURRENT ASSETS		6,500	7,043
TOTAL ASSETS LESS CURRENT LIABILITIES		52,578	53,121
NET ASSETS		52,578	53,121
CAPITAL AND RESERVES			
Share capital	17	17,280	17,280
Reserves		35,298	35,841
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		52,578	53,121
NET ASSET VALUE PER SHARE		HK\$0.30	HK\$0.31

The notes on pages 9 to 16 form part of these unaudited condensed interim financial statements.

Condensed Statement of Changes in Equity

For the six months 30 September 2012

	Share capital HK'000	Share premium HK'000	Accumulated losses HK'000	Total HK'000
Balance at 1 April 2011 (Audited)	17,280	37,786	(297)	54,769
Loss for the period	–	–	(1,949)	(1,949)
Balance at 30 September 2011 (Unaudited)	17,280	37,786	(2,246)	52,820
Balance at 1 April 2012 (Audited)	17,280	37,786	(1,945)	53,121
Loss for the period	–	–	(543)	(543)
Balance at 30 September 2012 (Unaudited)	17,280	37,786	(2,488)	52,578

The notes on pages 9 to 16 form part of these unaudited condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months 30 September 2012

	For the six months ended	
	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	1,056	(3,313)
NET CASH GENERATED FROM INVESTING ACTIVITIES	1	27
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	1,057	(3,286)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,284	4,982
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,341	1,696
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balance	3,341	1,696

The notes on pages 9 to 16 form part of these unaudited condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months 30 September 2012

1. GENERAL INFORMATION

Grand Investment International Ltd. (“the Company”) is a limited liability company incorporated in Bermuda on 15 April 2003 as an exempted company. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) since 2 April 2004.

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is Unit A, 2/F, 269–277 Queen’s Road, Central, Hong Kong.

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

2. BASIS OF PREPARATION

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

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

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

The interim condensed financial statements have not been audited, but have been reviewed by the Company’s Audit Committee and our auditor.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Annual Report of the Company for the year ended 31 March 2012.

The accounting policies used in the unaudited condensed interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 March 2012.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months 30 September 2012

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early adopted any of the new and revised standards, amendments or interpretations that have been issued but are not yet effective, in these unaudited condensed interim financial statements. Among the new and revised standards, the following are expected to be relevant to the Company's unaudited condensed interim financial statements upon becoming effective:

	Effective for accounting accountings periods beginning on or after
HKFRS 9 "Financial instruments"	1 January 2015
HKFRS 12 "Disclosures of interests in other entities"	1 January 2013
HKFRS 13 "Fair value measurement"	1 January 2013

The Company is in the process of making an assessment of the impact of these new and revised standards upon initial application. So far it has concluded that, except for those as stated below, the adoption of these new and revised standards is not expected to have significant impact on the results and financial position of the Company.

- (i) HKFRS 9 may have an effect on the classification and the treatment of fair value changes of existing financial assets; and
- (ii) HKFRS 13 may have an effect on the measurement of fair values of the Company's financial instruments.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months 30 September 2012

5. REVENUES

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

	For the six months ended	
	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Net realised gain on disposal of investments at fair value through profit or loss	165	141
Net unrealised holding loss on investments at fair value through profit or loss	(232)	(2,790)
Net realised gain on option premium	53	100
Dividend income from listed securities	102	74
Dividend income from unlisted investment	999	2,056
Others	–	(65)
	1,087	(484)

6. OTHER REVENUES

	For the six months ended	
	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Interest income	1	27
Others	4	4
	5	31

7. SEGMENT INFORMATION

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

Notes to the Unaudited Condensed Interim Financial Statements

For the six months 30 September 2012

8. LOSS BEFORE TAXATION

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

	For the six months ended	
	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Interest income	(1)	(27)
Provision for auditors' remuneration	60	60
Directors' remuneration	379	360
Mandatory provident fund	6	11
Investment manager fee	144	144
Staff salaries and allowances	140	113
Operating lease payments	339	339

9. TAXATION

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimate average annual tax rate used is 16.5% for the period (period ended 30 September 2011: 16.5%). No provisions has been made for Hong Kong Profits Tax as there were no estimated Hong Kong assessable profits for the Period (period ended 30 September 2011: Nil).

10. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period ended 30 September 2012 (period ended 30 September 2011: Nil).

11. LOSS PER SHARE

The calculation of loss per ordinary share is based on the unaudited loss of HK\$543,000 for the Period (period ended 30 September 2011: loss of HK\$1,949,000) attributable to shareholders and the weighted average of 172,800,000 ordinary shares (period ended 30 September 2011: 172,800,000 ordinary shares) in issue during the Period.

The Company has no potential dilutive ordinary shares that were outstanding during the two periods ended 30 September 2012 and 30 September 2011; therefore, no diluted loss per share has been presented.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months 30 September 2012

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Unaudited)
Investment securities, at cost		
Equity securities, unlisted shares	18,787	18,787
Investments in limited partnerships	27,291	27,291
	46,078	46,078

13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Unaudited)
Equity securities, at fair value		
Listed in Hong Kong	1,927	3,733
Listed outside Hong Kong	1,040	–
	2,967	3,733

The fair value of listed equity securities are determined based on the quoted bid prices available on the relevant stock exchanges at closing price.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

An aging analysis of the accounts receivable as at 30 September 2012 is as below:

	30 September 2012 HK'000 (Unaudited)	31 March 2012 HK'000 (Unaudited)
Deposits and other receivables	197	1,010
Prepayments	107	187
	304	1,197

Notes to the Unaudited Condensed Interim Financial Statements

For the six months 30 September 2012

15. CASH AND CASH EQUIVALENTS

	30 September 2012 HK'000 (Unaudited)	31 March 2012 HK'000 (Unaudited)
Cash and bank balances	971	308
Short-term bank deposits	2,370	1,976
	3,341	2,284

16. OTHER PAYABLE AND ACCRUALS

	30 September 2012 HK'000 (Unaudited)	31 March 2012 HK'000 (Unaudited)
Accrued expenses	112	171

17. SHARE CAPITAL

	30 September 2012 HK'000 (Unaudited)	31 March 2012 HK'000 (Audited)
Authorised:		
1,000,000,000 ordinary shares of HK\$0.1 each	100,000	100,000
Issued and fully paid:		
172,800,000 ordinary shares of HK\$0.1 each	17,280	17,280

Notes to the Unaudited Condensed Interim Financial Statements

For the six months 30 September 2012

18. RELATED PARTY TRANSACTIONS

During the Period, the Company traded listed securities through a securities account maintained with a related company, Grand Investment (Securities) Limited (“GIS”) in which the director of the Company, Mr. Lee Woo Sing, has beneficial interest. GIS was also the investment manager of the Company and was entitled to a monthly fee of HK\$24,000 (period ended 30 September 2011: HK\$24,000) for the provision of investment management services to the Company.

The Company also paid rental expenses to a related company, Moral Rich Corporation Limited (“MRC”), in which the director of the Company, Mr. Lee Woo Sing has beneficial interest.

Details of related party transactions for the six months ended 30 September 2012 are as follows:

	For the six months ended	
	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Investment manager fee paid to a related company	144	144
Rental expense paid to a related company	339	339

19. COMMITMENTS

Operating lease commitments

At 30 September 2012, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2012 HK'000 (Unaudited)	31 March 2012 HK'000 (Audited)
Not later than one year	332	664
In second to fifth year inclusive	–	–
	332	664

20. APPROVAL OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

This unaudited condensed interim financial statement was approved by the Board on 23 November 2012.

Management Discussion and Analysis

INTERIM RESULTS

During the Period, the Company recorded a loss of HK\$543,000 (period ended 30 September 2011: loss of HK\$1,949,000).

The net asset value (“NAV”) per ordinary share of HK\$0.10 (“Share”) of the Company was HK\$0.30 as at 30 September 2012 (31 March 2012: HK\$0.31).

BUSINESS OVERVIEW AND PROSPECTS

By reviewing the past six months of our financial year, we saw stagnating growth in the emerging markets especially China. While the Chinese government indicates support for the economy, there is only a little part injected into the equities markets. Meanwhile, the open-ended QE3 in the US along with central banks around the world which have been maintaining interest rates at historically low levels had prompted only small rally in the markets. Despite improving economic data in the US, the global investing landscape is unlikely going to change dramatically.

In the 18th National Congress of the Communist Party of China held on 8 November, Xi Jinping and Li Keqiang have been officially appointed to replace Hu Jintao and Wen Jiabao respectively. The policy focus of the new administration aims at sustainable growth driven by consumption, infrastructure spending and fiscal boost. The growth and recovery in China is expected to be mild but stable. Meanwhile, the second term of the US President Barack Obama has the daunting task of tackling the fiscal cliff following the expiration of automatic spending cuts and Bush-era tax cut at the end of the year. Going forward, we need to observe whether the Obama administration can bring the Congress together to avert the fiscal cliff and whether the leaders in the EU can deliver their promises to resolve the sovereign debt crisis. For equities market, we believe volatility will persist in the short term. If the US joins Europe into recession, exports to China’s two largest trade partners will contract and serious shock into the global financial markets will thus ensue.

Further quantitative easing by the Federal Reserve of the US and other countries has improved risk appetites. We have already seen support for real assets such as the appreciation of real estate and precious metals. We believe direct investment in Chinese companies and equities in Hong Kong and China are undervalued, but we expect the market will remain volatile in the near term. We are cautious but optimistic that our investments will bear fruit. Stepping into 2013, our portfolios will still be influenced by the broader government policy and the changing investment landscape. Taking this view into account, we continue to strive for balance of risk and return under a conservative approach. We appreciate the patience of our shareholders during this challenging period.

Management Discussion and Analysis

DIRECT INVESTMENTS/FUND INVESTMENTS

In respect of our direct investments and funds, we aim to maximise the return for our shareholders through available means of exit; including but not limited to trade sale, IPO, management buyback etc. We believe each investment holds potential and decent prospect for return. We are working diligently on our portfolio companies to ensure that we can realise this objective.

Performance of each investment is on par with current investing conditions. While economic environment is slowly improving, it will take some time before such improvements are translated into company results. While some portfolio companies may distribute a dividend and others do not, it is a reflection of our investment that offers exposure to different sectors and investment types.

A brief description of the business information of our direct investments and fund investments is as follows:

DIRECT INVESTMENTS

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

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

Lot Software Systems International Limited (“Lot Software”)

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

Joyport Holdings Limited (“Joyport”)

Joyport is a limited liability company registered in the British Virgin Islands. It is engaged in the business of online game development, distribution and operation, and other related business directly or indirectly through its subsidiaries, affiliates and associated companies in the PRC. Joyport focuses on the Massive Multiplayer Online Role-Playing Games, which can support more than 10,000 concurrent players.

Management Discussion and Analysis

FUND INVESTMENTS

Project Carmel L.P. (the “Project Carmel”)

Project Carmel is a limited partnership organised pursuant to the provisions of the Partnership Act 1996 of the British Virgin Islands. Project Carmel primarily invests in real estate in Macau and realises capital appreciation from the sales of the properties.

The principal asset held by Project Carmel as at 31 December 2011 was a 4.61% (2010: 4.61%) equity interest in Baia da Nossa Senhora da Esperanca Real Estate Development Company Limited (“Baia da Nossa”), a limited liability company incorporated in Macau, which has an interest in a piece of land situated at Fabrica de Panchões Iec, Macau. As at the end of Period, the title of the land has not been transferred to Baia da Nossa as the governmental approvals have not been sought as expected in the original schedule.

CMHJ Technology Fund II, L.P (“CMHJ”)

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

INVESTMENT IN SECURITIES

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

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Company was in a sound liquidity position. The Company had bank balances of approximately HK\$3,341,000 (31 March 2012: HK\$2,284,000). There was no borrowing or funding requirements by the Company for investment and capital expenditures. The Board believes that the Company has sufficient financial resources to meet its investment or working capital requirements.

As at 30 September 2012, the Company had net assets of HK\$52,578,000 (31 March 2012: HK\$53,121,000) with no long term liabilities.

Management Discussion and Analysis

CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2012, there were no charges on the Company's assets or any significant contingent liabilities (31 March 2012: Nil).

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

CAPITAL EXPENDITURES

The Company did not make any significant capital expenditure during the Period (30 September 2011: Nil).

COMMITMENTS

As at 30 September 2012, the Company had irrevocable operational leases of approximately HK\$332,000 (31 March 2012: HK\$664,000) which was to be repaid within one year.

The Company did not have any capital commitments as at 30 September 2012 (31 March 2012: Nil).

CAPITAL STRUCTURE

As at 30 September 2012, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period ended 30 September 2012 (30 September 2011: Nil).

PURCHASE AND REDEMPTION

During the Period, the Company has not purchased, sold or redeemed any of its securities (30 September 2011: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2012, the Company had 8 (31 March 2012: 7) employees, including the executive, non-executive and independent non-executive Directors of the Company.

Management Discussion and Analysis

Total staff cost for the Period amounted to HK\$525,000 (period ended 30 September 2011: HK\$484,000). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of the individual employees.

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

FOREIGN CURRENCY EXPOSURE

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

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2012, the interests and short positions of the Directors of the Company and their associates in the Shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code (as defined below) contained in the Listing Rules, were as follows:

Name of Director	Name of Company/ associated corporation	Capacity	Number of Shares	Approximate percentage of existing shareholding
Lee Woo Sing	the Company	interest of a controlled corporation <i>(Note 5 on page 23)</i>	1,000,000 (long position) <i>(Note 5 on page 23)</i>	0.58%

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

Management Discussion and Analysis

DIRECTOR'S INTEREST IN CONTRACTS

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

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

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

SHARE OPTIONS

The Company has a share option scheme under which the Directors and certain selected classes of participants may at the discretion of the Directors of the Company, be granted options to subscribe for ordinary shares of the Company, subject to the stipulated terms and conditions. No options were granted under the share option scheme during the Period (period ended 30 September 2011: Nil).

Save as disclosed above, none of the Company's Directors and chief executive, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the six month ended 30 September 2012 (period ended 30 September 2011: Nil).

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2012, as far as the Directors are aware:

- (a) save as disclosed below, other than a Director or chief executive of the Company, no person or entity was, directly or indirectly, interested in 10% or more of the voting power of any general meeting of the Company or otherwise interested in 10% or more of the issued share capital of the Company;

Management Discussion and Analysis

- (b) the following entity/person had an interest or short position in the ordinary shares of the Company and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of existing shareholding
1. Optimize Capital Investments Limited (“Optimize Capital”)	Beneficial owner	14,980,000 (long position) <i>(Note 1)</i>	8.67%
2. Lee Tak Lun	Interest of a controlled corporation	14,980,000 (long position) <i>(Note 1)</i>	8.67%
	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
3. Grand Finance Group Company Limited (“GFG”)	Registered and beneficial owner	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
4. Jumbo China Holdings Limited	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
5. Billion Sky Limited	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
6. Win Key Investments Limited	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%

Management Discussion and Analysis

Notes:

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

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the shares of the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 September 2012.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AND REQUIRED TO BE DISCLOSED IN ACCORDANCE WITH RULE 13.51(B)(1) OF THE LISTING RULES

Dr. Zhou Yunxia, one of the independent non-executive Directors, has changed her name to Chow Yunxia, Carol and renounced and abandoned the use of her former name after the adoption of her new name.

Save as disclosed above and to the best of the Directors’ knowledge, there was no change in any of the information which is required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) since the publication of the Company’s annual report for the financial year ended 31 March 2012 up to 23 November 2012 (being the date of approval of this interim report).

Management Discussion and Analysis

COMPETITION AND CONFLICT OF INTEREST

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

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted codes of conduct regarding securities transactions by Directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Listing Rules. On specific enquiries made, all Directors have confirmed that, in respect of the Period, they have complied with the required standard set out in the Model Code regarding Directors’ securities transactions.

AUDIT COMMITTEE

The Company’s audit committee, comprising of three independent non-executive Directors, has reviewed with the management of the Company the accounting principles and practices adopted by the Company and discussed the auditing, internal control and financial reporting matters including a review of the Company’s unaudited interim financial statements for the six months ended 30 September 2012.

BOARD OF DIRECTORS

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

By order of the Board

Lee Wai Tsang, Rosa

Executive Director

Hong Kong, 23 November 2012