



大唐投資國際有限公司*

GRAND INVESTMENT INTERNATIONAL LTD.

(incorporated in Bermuda with limited liability)

Stock Code: 1160



Interim Report
2013



Positioned for
Growth

* for identification purpose only



SHANGHAI

BEIJING



TIANJIN

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MACAU



HONG KONG



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Huang Zhijian

Ms. Lee Wai Tsang Rosa (*Chairman*)

Mr. Lee Wai Wang Robert

(appointed on 2 September 2013)

Non-Executive Director

Dr. Lee Woo Sing (retired on 1 May 2013)

Independent Non-Executive Directors

Mr. Lu Fan

Dr. Zhang Hongru

Dr. Chow Yunxia, Carol

Mr. Lam Chi Wai

(appointed on 2 September 2013)

COMPANY SECRETARY

Ms. Chung Wing Han Wendy

AUDIT COMMITTEE

Mr. Lu Fan

Dr. Zhang Hongru

Dr. Chow Yunxia, Carol

Mr. Lam Chi Wai

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

31/F, 148 Electric Road

North Point, 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 2013 to 30 September 2013 (the “Period”). These interim financial statements have not been audited, but have been reviewed by the Company’s audit committee and auditors.

On behalf of the Board

Grand Investment International Ltd.

Lee Wai Tsang, Rosa

Chairman and Executive Director

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013

	NOTE	For the six months ended	
		30 September 2013 HK\$'000 (Unaudited)	30 September 2012 HK\$'000 (Unaudited)
REVENUES	5	49	1,087
OTHER REVENUES	6	1	5
ADMINISTRATIVE EXPENSES		(1,669)	(1,635)
LOSS BEFORE TAXATION	8	(1,619)	(543)
TAXATION	9	-	-
LOSS FOR THE PERIOD		(1,619)	(543)
ATTRIBUTABLE TO: Owners of the Company		(1,619)	(543)
INTERIM DIVIDEND	10	-	-
LOSS PER SHARE (Cents)			
- Basic	11	(0.94)	(0.31)
- Diluted	11	N/A	N/A

The notes on pages 9 to 18 form part of these unaudited condensed interim financial statements.

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013

	For the six months ended	
	30 September 2013 HK\$'000 (Unaudited)	30 September 2012 HK\$'000 (Unaudited)
<i>NOTE</i>		
LOSS FOR THE PERIOD	(1,619)	(543)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,619)	(543)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO: Owners of the Company	(1,619)	(543)

The notes on pages 9 to 18 form part of these unaudited condensed interim financial statements.

Condensed Statement of Financial Position

As at 30 September 2013

	<i>NOTE</i>	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Available-for-sale investments	<i>12</i>	46,078	46,078
CURRENT ASSETS			
Investments at fair value through profit or loss	<i>13</i>	2,164	2,988
Deposits, prepayments and other receivables	<i>14</i>	507	380
Cash and cash equivalents	<i>15</i>	576	1,570
TOTAL CURRENT ASSETS		3,247	4,938
CURRENT LIABILITIES			
Other payables and accruals	<i>16</i>	112	184
TOTAL CURRENT LIABILITIES		112	184
NET CURRENT ASSETS		3,135	4,754
TOTAL ASSETS LESS CURRENT LIABILITIES		49,213	50,832
NET ASSETS		49,213	50,832
CAPITAL AND RESERVES			
Share capital	<i>17</i>	17,280	17,280
Reserves		31,933	33,552
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		49,213	50,832
NET ASSET VALUE PER SHARE		HK\$0.28	HK\$0.29

The notes on pages 9 to 18 form part of these unaudited condensed interim financial statements.

Condensed Statement of Changes in Equity

For the six months 30 September 2013

	Share capital	Share premium	Accumulated losses	Total
	HK'000	HK'000	HK'000	HK'000
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
Balance at 1 April 2013 (Audited)	17,280	37,786	(4,234)	50,832
Loss for the period	–	–	(1,619)	(1,619)
Balance at 30 September 2013 (Unaudited)	17,280	37,786	(5,853)	49,213

The notes on pages 9 to 18 form part of these unaudited condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 September 2013

	For the six months ended	
	30 September 2013 HK\$'000 (Unaudited)	30 September 2012 HK\$'000 (Unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(995)	1,056
NET CASH GENERATED FROM INVESTING ACTIVITIES	1	1
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(994)	1,057
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,570	2,284
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	576	3,341
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balance	576	3,341

The notes on pages 9 to 18 form part of these unaudited condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2013

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 auditors.

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 2013.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2013

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 2013.

4. CHANGES IN ACCOUNTING POLICIES

(a) Amendments and interpretations to existing standards effective for the Company's annual financial period beginning on 1 April 2013 and relevant to the Company

In the current period, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA that are mandatorily effective for current reporting period.

HKAS 1 (Revised) "Presentation of financial statements"

The Company has applied the amendments to HKAS 1 (Revised) "Presentation of financial statements" for the first time in the current period. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the "statements of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income sections: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income are required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2013

HKFRS 13 “Fair value measurement”

The Company has applied HKFRS13 for the first time in the current period. HKFRS 13 established a single source of guidance for fair value measurements and disclosures about the fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instruments items for which other HKFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (eg. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. The application of HKFRS 13 has not had any material impact on the amounts recognised in the financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2013

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

Up to the date of issue of these financial statements, the HKICPA has issued a number of new standards, amendments to standards and interpretations which are effective for periods beginning after 1 April 2013, and which have not been early adopted in preparing these financial statements. These include the followings which may be relevant to the Company.

Effective for accounting periods beginning on or after

HKFRS 9 “Financial instruments”

1 January 2015

The Company is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company’s results of operations and financial position.

5. REVENUES

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

	For the six months ended	
	30 September 2013 HK\$'000 (Unaudited)	30 September 2012 HK\$'000 (Unaudited)
Net realised gain on disposal of investments at fair value through profit or loss	89	165
Net unrealised holding loss on investments at fair value through profit or loss	(246)	(232)
Net realised gain on option premium	11	53
Dividend income from listed securities	31	102
Dividend income from unlisted investment	164	999
	49	1,087

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2013

6. OTHER REVENUES

	For the six months ended	
	30 September 2013 HK\$'000 (Unaudited)	30 September 2012 HK\$'000 (Unaudited)
Interest income	1	1
Others	-	4
	1	5

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, private equities of private companies and limited partnerships in Hong Kong, China, the Cayman Islands and the British Virgin Islands.

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

	For the six months ended	
	30 September 2013 HK\$'000 (Unaudited)	30 September 2012 HK\$'000 (Unaudited)
Provision for auditors' remuneration	60	60
Directors' remuneration	415	379
Mandatory provident fund	6	6
Investment manager fee	144	144
Staff cost (excluding directors' emoluments)	125	140
Operating lease payments	341	339

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2013

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 2012: 16.5%). No provision has been made for Hong Kong Profits Tax as there were no estimated Hong Kong assessable profits for the Period (period ended 30 September 2012: Nil).

10. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period ended 30 September 2013 (period ended 30 September 2012: Nil).

11. LOSS PER SHARE

The calculation of loss per ordinary share is based on the unaudited loss of approximately HK\$1,619,000 for the Period (period ended 30 September 2012: loss of approximately HK\$543,000) attributable to shareholders and the weighted average of 172,800,000 ordinary shares (period ended 30 September 2012: 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 2013 and 30 September 2012; therefore, no diluted loss per share has been presented.

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Investment securities, at cost		
Equity securities, unlisted shares	18,787	18,787
Investments in limited partnerships	27,291	27,291
	46,078	46,078

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2013

13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Equity securities, at fair value		
Listed in Hong Kong	2,164	2,821
Listed outside Hong Kong	–	167
	2,164	2,988

The fair values 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

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Deposits and other receivables	406	195
Prepayments	101	185
	507	380

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2013

15. CASH AND CASH EQUIVALENTS

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Cash and bank balances	237	1,569
Short-term bank deposits	339	1
	576	1,570

16. OTHER PAYABLES AND ACCRUALS

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Accrued expenses	112	184

17. SHARE CAPITAL

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 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 ended 30 September 2013

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 Dr. Lee Woo Sing has beneficial interest. Dr. Lee Woo Sing had been a director of the Company until he retired on 1 May 2013. GIS was also the investment manager of the Company and was entitled to a monthly fee of HK\$24,000 (period ended 30 September 2012: HK\$24,000) for the provision of investment management services to the Company.

Details of related party transactions for the six months ended 30 September 2013 are as follows:

	For the six months ended	
	30 September 2013	30 September 2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Investment manager fee paid to a related company	24	144
Rental expenses paid to a related company	-	339

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2013

19. COMMITMENTS

Operating lease commitments

At 30 September 2013, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 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 21 November 2013.



Management Discussion and Analysis

INTERIM RESULTS

During the Period, the Company recorded a loss of approximately HK\$1,619,000 (period ended 30 September 2012: loss of approximately HK\$543,000).

The net asset value (“NAV”) per ordinary share of HK\$0.10 (“Share”) of the Company was HK\$0.28 as at 30 September 2013 (31 March 2013: HK\$0.29).

BUSINESS OVERVIEW AND PROSPECTS

Over the past six months of our financial year, we have seen moderate expansion in economic activities and inconsistent growth that had prompted the US not to taper its QE (quantitative easing) in September. We also see that the expected improvement in equities market in China had stayed soft. The capital market of A shares IPOs (initial public offerings) remains shut to this day and housing prices in the first-tier cities of China stay high. Under such backdrop, The People’s Bank of China (“PBoC”) had stuck to more prudent monetary policy to adjust any credit growth resulted from rising trade surplus. The PBoC also vows to ensure market stability and will take steps to 1) manage interbank liquidity, 2) support funding for first home buyers and social housing initiatives, and 3) implement gradual liberalization of deposit rates. Moreover, the highly anticipated Third Plenum of the Chinese communist party provided broad pictures of reforms to come. The focus on the eight areas may imply faster financial liberalization, broadening property tax for the rest of the country, pricing reform on natural resources, public utilities and rail transportation, and increasing support for fast growth sectors like internet, environment and alternative energy.

Our current portfolio is composed mostly of direct investments and limited partnerships. Performance of each investment is consistent with current investing environment. While global economic conditions and government policy may adversely impact our various investment companies, we are optimistic that eventual improvements will come. While some portfolio companies may distribute a dividend and others do not, this is a direct result of the different sectors and investment types we have made.

DIRECT INVESTMENTS/FUND INVESTMENTS

In respect of our direct investments and limited partnerships, we aim to achieve reasonable return through any available means of exit; including but not limited to trade sale, IPO, management buyback, acquisition or mergers, etc. Each investment holds good potential and prospect for return. We continue to work diligently with our portfolio companies to reach our objectives.



Management Discussion and Analysis

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

DIRECT INVESTMENTS

Tianjin Yishang Friendship Holdings 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 stated-owned enterprise in the PRC, was converted into Tianjin Yishang. The business activities of Tianjin Yishang and its subsidiaries and branches are to operate department stores and home retail shops in the Tianjin region.

MBP Software Group Holdings Limited (“MBP Software”)

MBP Software is a limited liability company incorporated under the laws of the Cayman Islands. It focuses on software outsourcing business in Japan and Mainland China. It provides services in application software project development 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.

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 2012 was a 4.61% (2011: 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 the Period, the title to the land had not been transferred to Baia da Nossa as the governmental approvals had not been obtained.



Management Discussion and Analysis

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 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\$576,000 (31 March 2013: HK\$1,570,000). 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 2013, the Company had net assets of approximately HK\$49,213,000 (31 March 2013: HK\$50,832,000) with no long term liabilities.

CHARGE ON THE COMPANY’S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2013, there were no charges on the Company’s assets or any significant contingent liabilities (31 March 2013: 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.



Management Discussion and Analysis

CAPITAL EXPENDITURES

The Company did not make any significant capital expenditure during the Period (30 September 2012: Nil).

COMMITMENTS

As at 30 September 2013, the Company had irrevocable operational leases of approximately HK\$332,000 (31 March 2013: HK\$664,000) which was to be repaid within one year.

The Company did not have any capital commitments as at 30 September 2013 (31 March 2013: Nil).

CAPITAL STRUCTURE

As at 30 September 2013, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000 (31 March 2013: 172,800,000).

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, the Company had not purchased, sold or redeemed any of its securities (30 September 2012: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2013, the Company had 9 (31 March 2013: 8) employees, including the executive, non-executive and independent non-executive Directors of the Company.

Total staff cost for the Period amounted to HK\$540,000 (period ended 30 September 2012: HK\$525,000). 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.



Management Discussion and Analysis

FOREIGN CURRENCY EXPOSURE

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

DIRECTORS' AND/OR CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 September 2013, none of the Directors or chief executive(s) (if any) of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

DIRECTORS' 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.

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 2012: Nil).

Management Discussion and Analysis

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2013, as far as the Directors are aware, the Company had been notified of the following substantial shareholders' interests or short positions in the shares and underlying shares in the Company (representing 5% or more of the Company's issued share capital) which were recorded in the register maintained by the Company under Section 336 of the SFO:

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of shareholding (Note 5)
1. Optimize Capital Investments Limited ("Optimize Capital")	Beneficial owner	14,980,000 (long position) (Note 1)	8.67%
2. Lee Tak Lun	Interest of a controlled corporation	14,980,000 (long position) (Note 1)	8.67%
	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
	Beneficial owner	3,600,000	2.08%
		53,760,000	31.11%
3. Grand Finance Group Company Limited ("GFG")	Registered and beneficial owner	35,180,000 (long position) (Notes 2 to 4)	20.36%
4. Jumbo China Holdings Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
5. Billion Sky Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
6. Win Key Investments Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%

Management Discussion and Analysis

Notes:

1. Optimize Capital is a company incorporated in the British Virgin Islands, and is owned as to 90% by Mr. Lee Tak Lun and 10% by his daughter, Ms. Lee Wai Tsang Rosa. Mr. Lee Tak Lun is the son of Dr. Lee Woo Sing and the father of Mr. Lee Wai Wang Robert. Dr. Lee Woo Sing was a non-executive Director of the Company and he retired on 1 May 2013. Mr. Lee Wai Wang Robert and Ms. Lee Wai Tsang Rosa are the executive Directors. Mr. Lee Tak Lun is taken to be interested in these shares under Part XV of the SFO.
2. GFG is a company incorporated in Hong Kong, the entire issued capital of which is beneficially owned as to 58% by Jumbo China Holdings Limited, 28% by Bright Pearl Limited and 14% by Win Key Investments Limited. Jumbo China Holdings Limited is taken to be interested in these shares under Part XV of the SFO.
3. The entire issued share capital of Jumbo China Holdings Limited is beneficially owned as to 79.31% by Billion Sky Limited. Billion Sky Limited is taken to be interested in these Shares under Part XV of the SFO.
4. The entire issued share capital of Billion Sky Limited is beneficially owned as to 59.55% by Win Key Investments Limited (the entire issued share capital of which is beneficially owned by Mr. Lee Tak Lun). Win Key Investments Limited and Mr. Lee Tak Lun are taken to be interested in these Shares under Part XV of the SFO.
5. The percentage of shareholding is calculated on the basis of 172,800,000 shares in the Company in issue as at 30 September 2013.

Save as disclosed above, as far as the Directors are aware, the Company had not been notified by any other persons, not being a Director or chief executive (if any) of the Company, who had an interest 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 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 2013.

DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS UNDER RULES 13.51B(1) AND 13.51(2) OF THE LISTING RULES

There was no change in any of the information which is required to be disclosed by the Directors pursuant to Rules 13.51B(1) and 13.51(2) since the publication of the Company's annual report for the financial year ended 31 March 2013 up to 21 November 2013 (being the date of approval of this 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 had complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to 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 to the Listing Rules. On specific enquiries made, all Directors have confirmed that, in respect of the Period, they had complied with the required standard set out in the Model Code regarding Directors’ securities transactions.

AUDIT COMMITTEE

The Company’s audit committee, comprising four 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 Period.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises three executive Directors, namely Ms. Lee Wai Tsang Rosa, Dr. Huang Zhijian and Mr Lee Wai Wang, Robert and four independent non-executive Directors, namely Mr. Lu Fan, Dr. Zhang Hongru, Dr. Chow Yunxia, Carol and Mr Lam Chi Wai.

By order of the Board

Lee Wai Tsang, Rosa

Chairman and Executive Director

Hong Kong, 21 November 2013