



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

Annual Report 2013-14

* for identification purpose only

CONTENTS

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	4
Corporate Governance Report	6
Biographical Details of Directors	15
Report of the Directors	17
Independent Auditors' Report	24
Statement of Profit or Loss and Other Comprehensive Income	26
Statement of Financial Position	27
Statement of Changes in Equity	28
Statement of Cash Flows	29
Notes to the Financial Statements	30
Financial Summary	66

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Lee Wai Tsang, Rosa (*Chairman*)
(appointed as Chairman on 1 May 2013)

Dr. Huang Zhijian

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

Dr. Chow Yunxia, Carol

Mr. Lam Chi Wai (appointed on 2 September 2013)

Mr. Lu Fan

Dr. Zhang Hongru

COMPANY SECRETARY

Ms. Chung Wing Han, Wendy (resigned on 30 May 2014)

Mr. Cheng Wing Kin (appointed on 30 May 2014)

AUDIT COMMITTEE

Mr. Lu Fan (*Chairman*)

Dr. Chow Yunxia, Carol

Mr. Lam Chi Wai

Dr. Zhang Hongru

INVESTMENT MANAGER

Grand Investment (Securities) Limited

A3, 32/F, United Centre

95 Queensway

Hong Kong

CUSTODIAN

DBS Bank Ltd., Hong Kong Branch

18/F, The Center

99 Queen's Road Central

Hong Kong

AUDITORS

East Asia Sentinel Limited

22/F, 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

A301, 32/F, United Centre

95 Queensway

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 ADVISERS TO THE COMPANY As to Hong Kong law:

Chiu & Partners

40/F, Jardine House

1 Connaught Place

Hong Kong

As to Bermuda law:

Conyers Dill & Pearman

2901, One Exchange Square

8 Connaught Place, Central

Hong Kong

Chairman's Statement

In 2013, the investing environment for private equity had been weak in both demand and growth, especially in China. Tight credit amplified the escalating demand for high yield debt and shadow banking while the closure of the A-shares IPO stifled investors from seeking conventional means of exit, which deteriorated performance for both private equity and venture capital funds. Meanwhile, the withdrawal of quantitative easing (QE) in the US coupled with the inconsistent growth in China had added volatility to Hong Kong's equity markets. While regions such as the US and Europe had overall outperformed emerging markets, the first half of 2014 was disappointing with corrections occurring within developed and emerging markets.

Under the leadership of President Xi Jinping, China is currently going through a progressive period where anticorruption policy, currency internationalization, and social policy directly impact sectors in retail, finance and real estate. The defaults of trust products issued by various Chinese banks highlighted the risk of high yield debt and tight credit environment in China. Even though PBOC selectively released liquidity for farming sector and small-medium enterprise, we anticipate more credit strain in sectors that are closely related to debt, such as property developers and banks, to be adversely impacted.

Going forward, we are cautious on the overall investing condition as we believe volatility remains. Having said that, we believe opportunities also co-exist. During the Chinese People's Political Consultative Conference in March, the Central government aims to improve efficiency within State-Owned Enterprises (SOEs). Example can be seen with Sinopec's decision to divest its marketing business, China National Petroleum Corporation's invitation to private companies to participate in upstream exploration and the State Council's decision to allocate more crude oil import quotas to non-state traders. Investors will likely continue to see trends of more private sectors participating in investment otherwise not available before, as well as increasing investment opportunities arising from spin-off from SOEs. We will continue to monitor the market closely and will seek to optimize these opportunities when appropriate. We will also maintain our existing portfolio in accordance with our investment objectives to maximize return for our shareholders.

Lee Wai Tsang, Rosa

Chairman

Hong Kong, 11 June 2014

Management Discussion and Analysis

OPERATING RESULTS

During the year ended 31 March 2014 (the “Year”), the Company recorded a loss of approximately HK\$3,876,000 (2013: a loss of HK\$2,289,000). For the year ended 31 March 2014, the Company recorded HK\$155,000 (2013: HK\$1,003,000) in turnover, comprising realised gain of approximately HK\$100,000 (2013: HK\$353,000) and net unrealised loss of the listed securities and investments portfolio of approximately HK\$233,000 (2013: HK\$474,000) and recorded a distribution income from limited partnership of HK\$2,001,000 (2013: NIL) in other revenues.

PROSPECTS

Looking forward, we will continue to seek return on our existing portfolio companies. Our mandate stipulates that the majority of our investment be in China and our investment objective has limited the portfolio exposure in other countries. China’s economic growth had been 7.7%, compare to 7.8% in 2012 and consumer price index had been 2.6%, compare to 2.5% in 2012. Despite steady industrial production, better corporate earnings and objective to reform, China A-shares market had year-over-year return of -9.09%. Due to our concentrated exposure in China and overall soft investing environment in the region, exits options had been limited. Return on direct investments are also subjected to market condition and demands. We are doing our best to manage existing portfolio to identify suitable exits and returns. We aim to create value for our shareholders.

DIVIDENDS

The directors of the Company (the “Directors”) do not recommend the payment of a dividend for the year ended 31 March 2014 (2013: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2014, the Company had bank balances of approximately HK\$2,058,000 (2013: HK\$1,570,000).

The Board concludes that the Company has sufficient financial resources to satisfy its immediate investment and working capital requirements. There was no long term borrowing and calculation of gearing ratio was not applicable (2013: N/A).

The Company had net assets of approximately HK\$46,956,000 (2013: HK\$50,832,000).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company held assets and liabilities denominated in Hong Kong Dollars and RMB. Accordingly, it is subjected to limited exposure of foreign exchange fluctuation. As the Company’s exposure to such foreign exchange risks is kept to a minimum, the Company has not used any derivatives and other instruments for currency exchange hedging purposes.

CHARGE ON COMPANY’S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2014, there were no charges on the Company’s assets or any significant contingent liabilities (2013: Nil).

Management Discussion and Analysis

CAPITAL EXPENDITURES AND COMMITMENTS

The Company had no capital commitments as at 31 March 2014 (2013: Nil).

CAPITAL STRUCTURE

As at 31 March 2014, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Company had 9 employees (2013: 8), including the executive and independent non-executive Directors. Total staff cost for the Year was HK\$1,267,000 (2013: HK\$1,138,000). The Company's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of the individual. The size of the Company's work force is expected to remain more or less the same in the coming year.

APPRECIATIONS

On behalf of the Board, I would like to extend our appreciation to all our shareholders for their continuous trust and support and to our Directors for their unwavering dedication and commitments to their roles.

Lee Wai Tsang, Rosa

Chairman

Hong Kong SAR, 11 June 2014

Corporate Governance Report

The Company is committed to the practice and high standards of corporate governance with a view to enhance transparency, accountability and protecting the interests of the stakeholders.

During the period from 1 April 2013 to 31 March 2014 (the “**Year**”), the Company had complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

BOARD OF DIRECTORS

Composition

As at 31 March 2014, the Board consists of three executive Directors and four independent non-executive Directors (the “**INED(s)**”). Biographical details of each Director are set out on pages 15 to 16 of this Annual Report. All INEDs of the Company have met the requirements of independence set out in Rule 3.13 of the Listing Rules. The Company considers that all the INEDs are independent and the confirmation of independence pursuant to Rule 3.13 of the Listing Rules had been obtained from each of them as required by the Listing Rules.

Responsibilities of Directors

The Board is responsible for the development of strategies and monitoring business performance of the Company. It has formalized the functions reserved to the Board to achieve a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to the management comprising the executive Directors to deal with day-to-day operations and review those arrangements on a periodic basis. Every Director is kept informed of his or her responsibilities as a director of the Company under the laws of Hong Kong and the Listing Rules and of the conduct, business activities and development of the Company. All Directors have access to the advice and relevant information from the Company Secretary to ensure that procedures of the Board functions and all applicable rules and regulations are followed. All INEDs also have independent access to the executive Directors in respect of operating issues.

A Director’s Handbook which sets out the guidelines on the conduct of which directors of a listed company should follow is issued to every Director. The handbook also outlines, among other matters, the responsibilities of making disclosure of personal interest, change in personal particulars, potential conflict of interest in a timely manner.

Directors are provided with complete, adequate explanation and information to enable them to make an informed decision or assessment of the Group’s performance, position and prospects and to discharge their duties and responsibilities on a timely basis. The Directors, to enable them to properly discharge their duties, are given access to independent professional advisers, when necessary, at the expense of the Company.

Relationship between Board members

Dr. Lee Woo Sing, the former chairman of the Company who retired on 1 May 2013, is the grandfather of Ms. Lee Wai Tsang, Rosa (the new chairman of the Company who succeeded Dr. Lee after his retirement and is an executive Director) and Mr. Lee Wai Wang, Robert (an executive Director). Ms. Lee Wai Tsang, Rosa is the sister of Mr. Lee Wai Wang, Robert. Save as disclosed above, there are no relationship (including financial, business, family or other material relationship) between the Board members.

Corporate Governance Report

Board and general meetings

The Board meets regularly and at least four Board meetings are scheduled annually at approximately quarterly intervals. Ad-hoc meetings are convened when it considers necessary. Sufficient notice is served to all Directors before the Board meetings. All Directors are entitled to have access to Board papers and related materials at a reasonable time before the intended date of a Board or Board committee meeting unless there are restrictions on disclosure due to legal and regulatory requirements or other justifiable grounds.

Upon convening a Board meeting, drafts of agenda and relevant documents are sent to Directors for review and comment. The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Such minutes are recorded in details for the matters considered by the participants of such meetings and decisions reached, including concerns raised by Directors and/or dissenting views expressed. The meeting minutes are circulated to relevant Directors or committee members within reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings and are open for inspection at any reasonable time on reasonable notice by any Director. According to the current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. Any interested member is required to disclose the conflict of interest and is not allowed to participate in the final deliberation or decision and will abstain from voting on such matter. During the Year, a total of 4 meetings of the Board were held.

The following is the attendance record of the meetings:

Name of Director	No. of Meetings	
	Attended/Held	Attendance Rate
<i>Executive Directors</i>		
Ms. Lee Wai Tsang, Rosa (<i>Chairman</i>)	4/4	100%
Dr. Huang Zhijian	4/4	100%
Mr. Lee Wai Wang, Robert (appointed on 2 September 2013)	2/2 [#]	100%
<i>Non-Executive Director</i>		
Dr. Lee Woo Sing (retired on 1 May 2013)	1/1 [*]	100%
<i>Independent Non-Executive Directors</i>		
Dr. Chow Yunxia, Carol	4/4	100%
Mr. Lam Chi Wai (appointed on 2 September 2013)	2/2 [#]	100%
Mr. Lu Fan	4/4	100%
Dr. Zhang Hongru	4/4	100%

[#] Two Board meetings were held during the period from the date of appointment of Mr. Lee Wai Wang, Robert and Mr. Lam Chi Wai up to 31 March 2014.

^{*} One Board meeting was held during the period from 1 April 2013 up to the date of retirement of Dr. Lee Woo Sing.

Corporate Governance Report

The Company held the 2013 annual general meeting (the “AGM”) on 5 August 2013 and no other general meetings were held by the Company during the Year. The chairman of the Board, Ms. Lee Wai Tsang, Rosa, attended the 2013 AGM. Save as Dr. Huang Zhijian, the chairman of the Nomination Committee of the Board who was unable to attend the 2013 AGM due to schedule conflict but had delegated other members of the Nomination Committee to attend, the chairmen of the Audit Committee and the Remuneration committee of the Board were also present and available to answer questions at the 2013 AGM to ensure effective communication with the shareholders of the Company. The following is the attendance record of the 2013 AGM:

	No. of Meeting(s)	
	Attended/Held	Attendance Rate
<i>Executive Directors</i>		
Ms. Lee Wai Tsang, Rosa (<i>Chairman</i>)	1/1	100%
Dr. Huang Zhijian	0/1	0%
Mr. Lee Wai Wang, Robert (appointed on 2 September 2013)	0/0 [#]	N/A
<i>Independent Non-Executive Directors</i>		
Dr. Chow Yunxia, Carol	1/1	100%
Mr. Lam Chi Wai, Gavin (appointed on 2 September 2013)	0/0 [#]	N/A
Mr. Lu Fan	1/1	100%
Dr. Zhang Hongru	1/1	100%

[#] No general meeting was held during the period from the date of appointment of Mr. Lee Wai Wang, Robert and Mr. Lam Chi Wai up to 31 March 2014.

CORPORATE GOVERNANCE

The Directors are fully indemnified against costs, charges, losses, expenses and liabilities that may be incurred by them during the course of execution and discharge of their duties or any matters in relation thereto. A Directors’ and Officers’ Liability Insurance policy has been arranged for providing the indemnity.

The INEDs have the same duties of care and skill and fiduciary duties as the executive Directors. The functions of INEDs include, but not limited to:

- Participating in Board meetings to bring an independent judgment to bear on issues of corporate strategy, corporate performance, accountability, resources, key appointments and standard of conducts;
- Taking the lead where potential conflicts of interests arise;
- Serving and active participating on committees, if invited;
- Attending general meetings of the Company and developing a balanced understanding of the views of shareholders; and
- Scrutinizing the Group’s performance in achieving agreed corporate goals and objectives and monitoring the reporting of performance.

Corporate Governance Report

The Board is also responsible for performing the corporate governance functions of the Company to ensure compliance with the Listing Rules and its corporate governance duties include:

1. formulating, developing and reviewing the Company's policies and practices on corporate governance;
2. reviewing and monitoring the training and continuous professional development of the Directors; and
3. reviewing the Company's compliance with the Listing Rules and disclosure in the corporate governance report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibilities to prepare financial statements of the Company for each financial period which give a true and fair view of the state of affairs of the Company and that the financial statements are prepared in accordance with the statutory and regulatory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Company. The Directors confirm that, to the best of their knowledge and, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable futures and have prepared the financial statements on a going concern accordingly.

AUDIT COMMITTEE

The Company has established, with written terms of reference, an Audit Committee whose members are Mr. Lu Fan, Dr. Zhang Hongru, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai (appointed on 2 September 2013), all being independent non-executive Directors. The terms of reference of the Audit Committee are consistent with the terms set out in the CG Code. The duties of the Audit Committee include reviewing all matters relating to the scope of audit, such as the financial statements, and providing supervision over the Company's financial reporting procedures and internal control system.

The Audit Committee had reviewed with the management the accounting principles and practices adopted by the Company and had discussed with the management about the auditing, internal control and financial reporting matters for the Year. The Audit Committee had also reviewed the annual results of the Company for the Year.

The Audit Committee held 2 meetings in the financial year ended 31 March 2014. The following is the attendance record of the meetings held by the Audit Committee for the Year:

Name of Committee Members	No. of Meeting(s)	
	Attended/Held	Attendance Rate
Mr. Lu Fan (<i>Chairman</i>)	2/2	100%
Dr. Chow Yunxia, Carol	2/2	100%
Mr. Lam Chi Wai	1/1 [#]	100%
Dr. Zhang Hongru	2/2	100%

[#] One meeting of the Audit Committee was held during the period from the date of appointment of Mr. Lam Chi Wai up to 31 March 2014.

Corporate Governance Report

The work performed by the Audit Committee during the Year is listed below:

1. reviewing and approving financial statements, auditors' reports before submitting them to the Board and relating press announcements;
2. considering the accounting policies adopted by the Company;
3. reviewing the internal control and financial systems of the Company; and
4. reviewing the work of the external auditors, evaluating their performance, and making recommendation as to their appointment.

After thorough review, discussion and consideration by the Audit Committee, the Audit Committee recommended to the Board:

1. to approve the audited financial statements for the year ended 31 March 2014 together with the Report of Directors and the Auditors' Report thereon before the announcement of the annual results; and
2. to propose in the forthcoming AGM for re-appointing East Asia Sentinel Limited (the "**Auditors**") as Auditors of the Company for the ensuing year and to hold office until conclusion of the next AGM at a fee to be agreed with the Directors.

The Audit Committee does not include a former partner of the existing Auditors of the Company. During the financial year under review, the amount of remuneration paid to the Auditor was as below:

Nature of Services	HK\$'000
Audit services	165
Other advisory services	–

The Audit Committee has been provided with sufficient resources to discharge its responsibilities. The Audit Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.

REMUNERATION COMMITTEE

The Company has set up with written terms of reference a Remuneration Committee whose members are Mr. Lee Wai Wang, Robert, being an executive director, Dr. Chow Yunxia, Carol, Mr. Lu Fan and Dr. Zhang Hongru, all being independent non-executive Directors. The terms of reference of the Remuneration Committee are consistent with the terms set out in the CG Code.

The major role and functions of the Remuneration Committee are to formulate, review and deliberate on the remuneration policy and related matters of the Company. The Company's remuneration policy is in line with the prevailing market practices and is determined primarily on the basis of performance and experience of each Director.

Corporate Governance Report

The Remuneration Committee held 2 meetings in the financial year ended 31 March 2014. The following is the attendance record of the meetings held by the Remuneration Committee for the Year:

Name of Committee Members	No. of Meeting(s)	
	Attended/Held	Attendance Rate
Mr. Lu Fan (<i>Chairman</i>)	2/2	100%
Dr. Chow Yunxia, Carol	2/2	100%
Mr. Lee Wai Wang, Robert	1/1 [#]	100%
Dr. Zhang Hongru	2/2	100%

[#] One meeting of the Remuneration Committee was held during the period from the date of appointment of Mr. Lee Wai Wang, Robert up to 31 March 2014.

During the Year, the Remuneration Committee had, amongst others things, undertaken the following tasks:

1. reviewed the terms of reference for the Remuneration Committee to ensure compliance with the Listing Rules;
2. made recommendations to the Board regarding the Company's remuneration policy and for the formulation and review of the specific remuneration package of all Directors and senior management of the Company;
3. assessing the performance of the executive Directors and reviewing the terms of their service contracts; and
4. considered and dealt with the matters of appointment, retirement and re-election of the Directors.

The Remuneration Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.

NOMINATION COMMITTEE

The Company has set up with written terms of reference a Nomination Committee, whose members are Dr. Huang Zhijian, being an executive Director, Mr. Lu Fan and Dr. Chow Yunxia, Carol, both being INEDs. Dr. Huang Zhijian is the chairman of the Nomination Committee. The terms of the Nomination Committee are consistent with the terms set up in the CG Code. The Nomination Committee is responsible for dealing with matters of appointment, retirement and re-election of the Directors. The Company's nomination policy is in line with the prevailing market practices and is determined primarily on the basis of performance and experience of each Director.

During the Year, the work performed by the Nomination Committee is listed below:

1. reviewed the structure, size and composition of the Board with reference to the Board's diversity policy (which included the consideration of such elements like gender, age, educational background, professional knowledge, industry experience, personal ethics, integrity and skills during the process of selecting and recommending to the Board candidates for directorship);
2. assessed the independence of INEDs, recommended to the Board on the re-appointment of Directors at the 2013 AGM for shareholders' approval and assessed the suitability (with reference to the Board's diversity policy) and recommended to the Board for appointment of new executive Director and INED; and
3. reviewed the diversity policy adopted for the Board.

Corporate Governance Report

The Nomination Committee held 1 meeting in the financial year ended 31 March 2014. The following is the attendance record of the meeting held by the Remuneration Committee for the Year:

Name of Committee Members	No. of Meeting(s)	
	Attended/Held	Attendance Rate
Dr. Huang Zhijian (<i>Chairman</i>)	1/1	100%
Dr. Chow Yunxia, Carol	1/1	100%
Mr. Lu Fan	1/1	100%

The Nomination Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiries to all Directors, the Directors confirmed that they had complied with the required standards laid down in the Model Code throughout the Year.

DIRECTORS’ AND AUDITORS’ ACKNOWLEDGEMENT

The Audit Committee and the Board had reviewed the Company’s financial statements for the Year. The Directors have acknowledged their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment for the Company’s performance, position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast doubt upon the Company’s ability to continue as a going concern.

East Asia Sentinel Limited, Certified Public Accountants and the auditors of the Company for the Year have acknowledged their reporting responsibilities in the “Independent Auditors’ Report” on pages 24 to 25 of this Report.

INTERNAL CONTROL

The Company exercises individual accountability, follows protocol and procedures, monitors investment progress, provides transparency and review risk assessment. This internal guideline serves as the reference for each Director. Decisions are made through majority vote. The Board has conducted an annual review of the effectiveness of the internal control systems of the Group, covering all material controls, including but not limited to financial, operation, compliance controls and risk management functions.

INVESTMENT COMMITTEE

On investment subjects, the investment committee (the “Investment Committee”) established by the Board is responsible for making routine investment-related decisions. Corporate decisions are made collectively by the Board including independent non-executive Directors.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dr. Lee Woo Sing was the Chairman of the Company during the Year until his retirement on 1 May 2013 and Ms. Lee Wai Tsang, Rosa (an executive Director) succeeded Dr. Lee as the new chairman of the Company immediately after Dr. Lee's retirement. The Company does not have chief executive officer.

CONSTITUTIONAL DOCUMENTS

During the Year, there was no significant change in the Company's constitutional documents.

TRAINING FOR DIRECTORS

The Company continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. The Company provides internal trainings and in-house briefings to the Directors to ensure awareness of best corporate governance practices. The Company also periodically circulates reading materials relating to the general business, investment, or director's duties and responsibility to all the Directors. We had held 2 sessions of corporate governance training for all the Directors during the Year.

COMPANY SECRETARY

Our company secretary fulfilled the hours of training required under Rule 3.29 of the Listing Rules to perform the duties required.

NON-EXECUTIVE DIRECTORS

The term of appointment of each non-executive Director is for a period for three years.

SHAREHOLDER'S RIGHTS

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirements under Paragraph O of the CG Code which became effective from 1 April 2012.

Convening of Special General Meeting (SGM) on Requisition

The following procedures are subject to the Company's bye-laws (the "**Bye-laws**"), the Bermuda Companies Act 1981 (the "**CA**") and applicable legislation and regulations.

1. Members of the Company (the "**Members**") holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda, for the attention of the company secretary of the Company (the "**Company Secretary**"), to require a SGM to be called by the board of directors of the Company (the "**Board**") for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.
2. The written requisition must state the purposes of the general meeting, signed by the Member(s) concerned and may consist of several documents in like form, each signed by one or more of those Members.

Corporate Governance Report

3. If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements and the Bye-laws to all the registered Members. If the requisition is invalid, the Members concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.
4. The notice period to be given to all the registered Members for consideration of the proposal raised by the Member(s) concerned at a SGM varies according to the nature of the proposal, as follows:

at least twenty-one (21) clear days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended (other than a mere clerical amendment to correct a patent error); and at least fourteen (14) clear days' in writing if the proposal constitutes an ordinary resolution of the Company.

Enquiries to the Board

Shareholders have been provided with contact details of the Company on the Company's website, such as telephone number, fax number, email address and postal address, in order to enable them to make any enquiries that they may have with respect to the Company. They can also send their enquiries to the Board using these means. In addition, shareholders can contact Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar and transfer office of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

Putting Forward Proposals at General Meetings

1. The Company is required to hold an AGM every year, and may hold a general meeting known as a special general meeting whenever necessary.
2. Shareholders of the Company holding (i) not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting of the Company; or (ii) not less than 100 Shareholders, can submit a written request stating the resolution intended to be moved at an AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.
3. The written request/statements must be signed by the Shareholders concerned and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda, for the attention the Company Secretary, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.
4. If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the Shareholders concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Shareholders concerned in accordance with the statutory requirements to all the registered Shareholders. If the written request is invalid or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Shareholders concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Ms. Lee Wai Tsang, Rosa

Ms. Lee Wai Tsang, Rosa, aged 36, has been an executive Director since 1 June 2005 and appointed as chairman of the Company since 1 May 2013. She is a member of the investment committee established by the Board. Ms. Lee holds a bachelor degree from the University of Southern California, a Master of Science in Finance from Boston College and a MBA from the University of Chicago. Ms. Lee has been working with the Company since its incorporation in April 2003 and overseeing the day-to-day investment, operation and administration of the Company. Ms. Lee is a licensed person for the regulated activities of dealing and advising in securities and asset management under the Securities and Futures Ordinance (the "SFO"). Ms. Lee is a director of Grand Finance Group Company Ltd ("GFG") and several of its subsidiaries, Tianjin Yishang Friendship Holdings Co., Ltd and MBP Software Group Holdings Ltd. Ms. Lee had contributed articles to various financial journals and had been interviewed by numerous magazines and newspapers in Hong Kong.

Ms. Lee is the granddaughter of Dr. Lee Woo Sing, the former Chairman of the Company and the non-executive Director (who retired from the office of directorship on 1 May 2013) and the daughter of Mr. Lee Tak Lun, a controlling shareholder of the Company, and the sister of Mr Lee Wai Wang, Robert, an executive Director.

Dr. Huang Zhijian

Dr. Huang Zhijian, aged 68, has been an executive Director since 1 January 2007. Dr. Huang also serves as the chairman of the nomination committee and a member of the investment committee of the Board. Dr. Huang graduated from Tsinghua University in Beijing, the PRC. He received a Master of Science degree and a Doctor of Philosophy degree from the Institute of Science and Technology of the University of Manchester, and he had been a lecturer at Tsinghua University during the period from 1984 to 1986. Dr. Huang had held senior executive and managerial positions in various companies since 1986 including China Resources Development and Investment Co., Ltd. Dr. Huang had served as a non-executive director of China Resources Peoples Telephone Company Limited, and an executive director of Cosmos Machinery Enterprises Limited (stock code: 0118) and still is an independent non-executive director of Pine Technology Holdings Limited (stock code: 1079).

Mr. Lee Wai Wang, Robert

Mr. Robert Lee, aged 34, became an executive Director since 2 September 2013. He also serves as a member of the remuneration committee of the Board. Mr. Robert Lee has over ten years of international financial industry experience and is currently the Senior Vice President of Grand Finance Group (which is a diversified financial services company providing a range of financial products and services to institutional and retail clients and its main businesses include global securities, futures, bullion brokerage, corporate finance, asset management and fund investment) with primary responsibilities for managing the company's brokerage and asset management businesses. He holds a Bachelor of Arts Degree from Bard College and a Master of Science Degree from the University of Pennsylvania. He is also a director of the Hong Kong Securities Association, an executive committee member of the Chinese Gold and Silver Exchange Society, a member of the SFC Process Review Panel and a committee member of the Chinese General Chamber of Commerce.

Mr. Lee is the grandson of Dr. Lee Woo Sing, the former Chairman of the Company and the non-executive Director as disclosed above, the son of Mr. Lee Tak Lun, a controlling shareholder of the Company, and the brother of Ms. Lee Wai Tsang, Rosa, the current Chairman of the Company and an executive Director.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lu Fan

Mr. Lu Fan, aged 58, has been an independent non-executive Director since 1 June 2005. Mr. Lu also serves as the chairman of the audit committee and the remuneration committee, as well as a member of the nomination committee, of the Board. Mr. Lu graduated from the Academy of Finance, Hangzhou University, (now known as Zhejiang University). He was a researcher at the Zhejiang Academy of social science for the period from 1980 to 1993. Mr. Lu previously held managerial positions in Zhejiang Securities Co. Ltd. whose principal business was securities brokerage and had been an independent supervisor of Zhejiang Expressway Co., Ltd., a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0576) for the period from July 1997 to March 2003. He had also been the chief economist of the Zhejiang Huating Group Co., Ltd. since 2004.

Dr. Zhang Hongru

Dr. Zhang Hongru, aged 57, has been an independent non-executive Director since 13 February 2004. Dr. Zhang also serves as a member of the audit committee and the remuneration committee of the Board. Dr. Zhang is currently the vice-general manager of Tianjin Automobile Group, the director of Tianjin FAW XIALI Automobile Co., Ltd. (stock code: 000927), a company listed on the Shenzhen Stock Exchange and the director and general manager of Tianjin China Car Component Industry Park Co. Ltd. He is qualified as a senior economist and an attorney in the PRC. He is also a part-time professor of Nankai University, PRC.

Dr. Chow Yunxia, Carol

Dr. Chow Yunxia, Carol, aged 35, has been an independent non-executive Director since 1 June 2009. Dr. Chow also serves as a member of the audit committee, the remuneration committee and the nomination committee of the Board. Dr. Chow holds a Bachelor's Degree in Finance from the University of International Business and Economics, the PRC and the Degree of Doctor of Philosophy in Finance and Accounting from the National University of Singapore. Dr. Chow is currently the Vice-President of the Corporate Finance Division of China Asean Resources Limited (stock code: 8186), a company whose shares are listed on the Growth Enterprise Market operated by the Stock Exchange. She had been an Assistant Professor in Finance and Accounting in the Business School of the University of Queensland, Australia during the period from 2008 to 2009. She has over seven years' diverse financial knowledge and management experience in industry and government sectors with particular expertise in corporate finance projects, such as mergers and acquisitions and initial public offerings, capital market functions and investment relationship management. She had served as financial controller, financial and/or investment consultant for various international companies in the PRC and Singapore.

Mr. Lam Chi Wai

Mr. Lam Chi Wai (alias Mr. Lam Chi Wai Gavin), aged 47, became an independent non-executive Director on 2 September 2013. He also serves as a member of the audit committee of the Board. Mr. Lam is an accountant and a certified taxation adviser. He has been the managing partner of a firm of certified public accountants in Hong Kong since 1996. He is a member and a practicing member of the Hong Kong Institute of Certified Public Accountants (HKICPA), a fellow member of The Association of Chartered Certified Accountants, a member of The Society of Chinese Accountants and Auditors and a member of the Taxation Institute of Hong Kong. He has over 20 years' experience in auditing, finance, taxation and accounting. Mr. Lam holds a degree in Law from the Peking University (北京大學), the PRC and a masters degree in accounting from the Jinan University (暨南大學), the PRC.

Report of the Directors

The directors (the “Directors”) of Grand Investment International Ltd. (the “Company”) have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31 March 2014 (the “Year”), which were approved by the board of directors (the “Board”) of the Company on 11 June 2014.

PRINCIPAL ACTIVITIES

The Company is an investment company incorporated on 15 April 2003 with limited liability as an exempted company in Bermuda. The Company is principally engaged in investing in listed and unlisted enterprises established in Hong Kong, the People’s Republic of China and Macau with potential for earnings growth and capital appreciation. The Company’s revenue for the year ended 31 March 2014 comprised of gains or loss from investments and other sources.

FINANCIAL RESULTS

The loss and cash flows of the Company for the year ended 31 March 2014 and the state of affairs of the Company as at 31 March 2014 are set out in the financial statements on pages 26 to 29.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the Year (2013: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “Annual General Meeting”) will be held on 18 July 2014.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Company for the Year is set out on page 66.

RESERVES

Details of movements in the reserves of the Company during the Year are set out in note 16 to the financial statements and in the statement of changes in equity set out on page 28.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company’s securities.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 15 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Company did not purchase, sell or redeem any of its shares during the Year.

Report of the Directors

COMPETING INTERESTS

As at 31 March 2014, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business apart from the Company's business that competed or was likely to compete, either directly or indirectly, with the businesses of the Company.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 2 April 2004 expired on 1 April 2014. During the Year, there were no share options granted under the share option scheme. Details of the share option scheme are set out in note 23 to the financial statements.

DIRECTORS

The Directors who held office during the Year and up to the date of this report were:

Executive Directors

Ms. Lee Wai Tsang, Rosa (*Chairman*)

Dr. Huang Zhijian

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

Dr. Chow Yunxia, Carol

Mr. Lam Chi Wai (appointed on 2 September 2013)

Mr. Lu Fan

Dr. Zhang Hongru

The terms of office for all Directors are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the bye-laws of the Company (the "Bye-laws"). In accordance with Bye-law 113(A) of the Bye-laws, Dr. Huang Zhijian and Dr. Chow Yunxia, Carol will retire, and in accordance with Bye-law 117 of the Bye-laws, the office of Mr. Lee Wai Wang, Robert and Mr. Lam Chi Wai will end at the forthcoming Annual General Meeting. Each of them, being eligible, offer himself or herself for re-election at the forthcoming Annual General Meeting.

The Company has received the confirmations of independence from Mr. Lu Fan, Dr. Zhang Hongru, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the Annual General Meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Report of the Directors

DIRECTORS' AND/OR EXECUTIVE'S INTEREST IN SHARES

As at 31 March 2014, none of the Directors or chief executive (if any) of the Company and their associates had any interest or short position 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 (Chapter 571 of the Laws of Hong Kong) (the "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 (the "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 as contained in the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2014, 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") (Note 1)	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	41,700,000	24.13%
		91,860,000	53.16%
3. Grand Finance Group Company Limited ("GFG")	Beneficial owner	35,180,000 (long position) (Notes 2 to 4)	20.36%

Report of the Directors

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of shareholding (Note 5)
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%

Notes:

- 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 and he retired on 1 May 2013. Mr. Lee Wai Wang Robert and Ms. Lee Wai Tsang Rosa are executive Directors. Mr. Lee Tak Lun is taken to be interested in these Shares under Part XV of the SFO.
- 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.
- 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.
- 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.
- The percentage of shareholding is calculated on the basis of 172,800,000 shares in the Company in issue as at 31 March 2014.

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 the 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 31 March 2014.

Report of the Directors

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial parts of the business of the Company were entered into or existed during the Year.

CONNECTED TRANSACTIONS

Investment Management Agreement

Grand Investment (Securities) Limited (“GIS”) was appointed as the Company’s investment manager with effect from 1 December 2010 at the investment management fee of HK\$288,000 per annum.

GIS is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. GIS is wholly-owned by Grand Finance Group Company Limited, a substantial shareholder of the Company. Accordingly, the transactions under the Investment Management Agreement constituted continuing connected transactions for the Company. During the Year, the aggregate amount of investment management fees paid to GIS under the Investment Management Agreement amounted to HK\$288,000.

Tenancy Agreements

During the Year, the Company had entered into a tenancy agreement (the “GIS Tenancy Agreement”) with GIS, which is the landlord of the office premise of the Company, at a monthly rent of HK\$30,916.97 exclusive of operating charges, rates and other outgoings. The aggregate amount of rent paid to GIS under the GIS Tenancy Agreement amounted to HK\$104,718.

During the Year, the tenancy agreement (the “MRC Tenancy Agreement”, together with the GIS Tenancy Agreement, the “Tenancy Agreements”) dated 28 March 2013 entered into by the Company (as tenant) with Moral Rich Corporation Limited (“MRC”) (as landlord) in respect of the leasing of the previous office premises at a monthly rent of HK\$55,360 (exclusive of operating charges, rates and other outgoings) expired on 31 March 2014. The aggregate amount of rent paid under the MRC Tenancy Agreement amounted to HK\$581,280 for the Year. As MRC is owned as to 70% by Mr Lee Tak Lun, a controlling shareholder of the Company, MRC is a connected person of the Company and the MRC Tenancy Agreement constituted a continuing connected transaction for the Company.

The independent non-executive Directors had reviewed the above continuing connected transactions respectively contemplated under the above Investment Management Agreement and the Tenancy Agreements (each a “Transaction” and collectively, the “Transactions”) for the Year and confirmed that each of the Transactions was conducted:

- (i) in the ordinary and usual course of its business;
- (ii) on normal commercial terms;
- (iii) (as regards the Investment Management Agreement) in accordance with the Investment Management Agreement on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole; and
- (iv) (as regards the Tenancy Agreements) in accordance with the Tenancy Agreements on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Report of the Directors

The auditors also confirmed that:

- (i) each of the Transactions was approved by the board of directors of the Company;
- (ii) the Transaction contemplated under the Investment Management Agreement was entered into in accordance with the terms of the Investment Management Agreement;
- (iii) the Transaction contemplated under each of the Tenancy Agreements was entered into in accordance with the respective terms of the Tenancy Agreements;
- (iv) the total investment manager fees paid by the Company in relation to the Investment Management Agreement during the Year do not exceed HK\$288,000; and
- (v) the total rent paid by the Company in relation to the GIS Tenancy Agreement and the MRC Tenancy Agreement during the Year does not exceed HK\$104,718 and HK\$581,280 respectively.

Custodian Agreement

The Company appointed DBS Bank Ltd, (“DBS”) as its custodian under a custodian agreement (the “Custodian Agreement”) that took effect from 1 December 2010 in respect of, among others, the safe custody of cash and documents of title, physical settlement of the securities in the investment portfolio of the Company and the collection of dividends and other entitlements in respect of such securities. The Custodian Agreement would continue in full force until terminated by either the Company or DBS by giving to the other not less than three months’ advance notice in writing.

Pursuant to the Custodian Agreement, a custody fee at the rate of 0.125% per annum of the average month-end balance, with minimum US\$500 per month, of the aggregate value of the investments deposited by the Company with DBS (subject to revision as notified by the DBS to the Company from time to time with the approval of the Company in accordance with the terms set out in the Custodian Agreement) is payable by the Company to DBS.

DBS is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the transactions under the Custodian Agreement constituted continuing connected transactions for the Company.

During the Year, the aggregate amount of custody fee and other charges paid to DBS amounted to HK\$46,800 which fell below the de-minimis threshold under Rule 14A.33(3) of the Listing Rules and were exempted from the disclosure and the shareholders’ approval requirements under the Listing Rules.

In the opinion of the independent non-executive Directors, the transactions contemplated under the Custodian Agreement are on normal commercial terms and were fair and reasonable as far as the shareholders of the Company are concerned.

To the extent that the “Related Party Transactions” as disclosed in Note 22 to the financial statements for the Year constituted connected transaction as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

Report of the Directors

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Bye-laws of the Company although there are no restrictions against such rights under the laws of Bermuda.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained the prescribed level of public float during the Year and up to the date of this Report as required under the Listing Rules.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the Corporate Governance Code set out in Appendix 14 to the Listing Rules in force during the Year for the purpose of reviewing and providing supervision over the Company's financial reporting procedures and internal control system. The Audit Committee, comprising of the four independent non-executive Directors, had reviewed with the management the accounting principles and practices adopted by the Company and had discussed the auditing, internal control and financial reporting matters for the Year.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Year.

AUDITORS

East Asia Sentinel Limited, Certified Public Accountants, was appointed as auditors of the Company for the Year. The financial statements of the Company for the Year have been audited by East Asia Sentinel Limited who retires and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of East Asia Sentinel Limited as auditors of the Company.

On behalf of the Board

Lee Wai Tsang, Rosa

Chairman

Hong Kong, 11 June, 2014

Independent Auditors' Report



East Asia Sentinel Limited 衛亞會計師事務所有限公司

Certified Public Accountants

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TO THE SHAREHOLDERS OF GRAND INVESTMENT INTERNATIONAL LTD.

(Incorporated in Bermuda with limited liability)

We have audited the financial statements of the Grand Investment International Ltd. (the "Company") set out on pages 26 to 29, which comprise the statement of financial position as at 31 March 2014, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liabilities to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditors' Report

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2014 and of the Company's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

East Asia Sentinel Limited

Yim Wing Yee, Winnie

Director

Practising Certificate No. P05906

Hong Kong

Date: 11 June 2014

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	<i>NOTE</i>	2014 HK\$'000	2013 HK\$'000
GAIN ON INVESTMENTS	<i>6</i>	155	1,003
OTHER REVENUES	<i>6</i>	2,002	1
IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS	<i>10</i>	(2,349)	–
ADMINISTRATIVE EXPENSES		(3,684)	(3,293)
LOSS BEFORE TAXATION	<i>7</i>	(3,876)	(2,289)
TAXATION	<i>8(a)</i>	–	–
LOSS FOR THE YEAR		(3,876)	(2,289)
OTHER COMPREHENSIVE INCOME		–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(3,876)	(2,289)
DIVIDEND	<i>20</i>	–	–
LOSS PER SHARE	<i>21</i>		
Basic:			
For loss for the year		(HK\$0.02)	(HK\$0.01)
Diluted:			
For loss for the year		N/A	N/A

The notes on pages 30 to 65 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2014

	<i>NOTE</i>	2014 HK\$'000	2013 HK\$'000
NON-CURRENT ASSETS			
Available-for-sale investments	<i>10</i>	43,729	46,078
CURRENT ASSETS			
Investments at fair value through profit or loss	<i>11</i>	634	2,988
Deposits, other receivables and prepayments	<i>12</i>	454	380
Cash and cash equivalents	<i>13</i>	2,288	1,570
TOTAL CURRENT ASSETS		3,376	4,938
CURRENT LIABILITIES			
Other payables and accruals	<i>14</i>	149	184
TOTAL CURRENT LIABILITIES		149	184
NET CURRENT ASSETS		3,227	4,754
NET ASSETS		46,956	50,832
EQUITY			
Share capital	<i>15</i>	17,280	17,280
Reserves	<i>16</i>	29,676	33,552
TOTAL EQUITY		46,956	50,832
NET ASSET VALUE PER SHARE	<i>19</i>	HK\$0.27	HK\$0.29

Lee Wai Tsang, Rosa
Director

Huang Zhijian
Director

The notes on pages 30 to 65 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2014

	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
YEAR ENDED 31 MARCH 2013				
At 1 April 2012	17,280	37,786	(1,945)	53,121
Total comprehensive loss				
Loss for the year	–	–	(2,289)	(2,289)
At 31 March 2013	17,280	37,786	(4,234)	50,832
YEAR ENDED 31 MARCH 2014				
At 1 April 2013	17,280	37,786	(4,234)	50,832
Total comprehensive loss				
Loss for the year	–	–	(3,876)	(3,876)
At 31 March 2014	17,280	37,786	(8,110)	46,956

The notes on pages 30 to 65 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2014

	2014	2013
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,876)	(2,289)
Adjustments for:		
Unrealised loss of investments at fair value through profit or loss	233	474
Impairment losses of available-for-sale investments	2,349	–
Operating loss before changes in working capital	(1,294)	(1,815)
Change in fair value of investments at fair value through profit or loss	2,121	272
(Increase)/Decrease in deposits, other receivables and prepayments	(74)	816
(Decrease)/Increase in other payables and accruals	(35)	13
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	718	(714)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	718	(714)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,570	2,284
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2,288	1,570
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,058	1,570
Short-term deposit with original maturity within three months	230	–
	2,288	1,570

The notes on pages 30 to 65 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2014

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 A301, 32/F., United Centre, 95 Queensway, 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 and other regions.

2. BASIS OF PREPARATION

These financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), which is a collective term that includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”), and Interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong. These financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities (“the Listing Rules”) on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention, except that available-for-sale investments and investments at fair value through profit or loss are stated at fair value as explained in the accounting policies set out below.

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(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 year, a number of new and revised HKFRS issued by HKICPA that are mandatorily effective for current reporting period.

Notes to the Financial Statements

For the year ended 31 March 2014

2. BASIS OF PREPARATION *(continued)*

(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

(continued)

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 "statement 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.

HKFRS 13 "Fair value measurement"

The Company has applied HKFRS 13 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 Financial Statements

For the year ended 31 March 2014

2. BASIS OF PREPARATION *(continued)*

(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"	To be confirmed

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.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2014

2. BASIS OF PREPARATION *(continued)*

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

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of HKFRS 9 in the future will affect the classification and measurement of the Company's available-for-sale equity investments that are currently stated at cost less impairment. At the date of issuance of these financial statements, the Directors are in the process of assessing the potential financial impact.

Except as described above, the Directors anticipate that the application of other new and revised HKFRSs issued but not yet effective will have no material impact on the Company's financial performance and the Company's financial positions for the future and/or on the disclosures set out in the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided regularly to the Company's chief operating decision-maker for the purpose of allocating resources to, and assessing performance of, various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Hong Kong dollars, which is the Company’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

(c) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Company transfers substantially all the risks and rewards of ownership of the assets; or the Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the statement of profit or loss and other comprehensive income.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of profit or loss and other comprehensive income.

(i) Loans and receivables

Loans and receivables, including deposits and other receivables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, unless the discounting effect would be immaterial, in which case they are stated at cost. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(ii) Available-for-sale investments

Available-for-sale investments are non-derivatives investments in unlisted equity securities and investments in limited partnerships that are either designated in this category or not classified in any of the other categories. At each financial report period end subsequent to initial recognition, available-for-sale investments assets are measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss and other comprehensive income with other revenue, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the statement of profit or loss and other comprehensive income.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

(iii) Investments at fair value through profit or loss

Investments at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. Investments at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged in the statement of profit or loss and other comprehensive income. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in the statement of profit or loss and other comprehensive income within gain/(loss) on investment in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income as income when the Company's right to receive payments is established.

(iv) Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting period end. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same, a discounted cash flow analysis and other valuation techniques commonly used by market participants.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each financial year end.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(f) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the discounting effect would be immaterial, in which case they are stated at cost. They are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability at least 12 months after the end of the reporting period.

(g) Provision

Provisions are recognised when the Company has a present legal or constructive obligation where, as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(h) Income tax

The tax expense for the year comprises current income tax and deferred income tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Income tax *(continued)*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Employee benefits

The Company operates a defined contribution retirement scheme under a mandatory provident fund scheme ("MPF scheme") in Hong Kong for its employees in Hong Kong, the assets of which are held in separate trustee-administered funds. The Company's contributions to the MPF scheme are based on a fixed percentage of the employees' relevant income per month. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(j) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

Profits on disposal of securities are recognised upon the completion of securities sale contract.

Interest income is recognised on a time-proportion basis.

Dividend income from listed and unlisted investments is recognised when the shareholders' right to receive payment has been established.

Unrealised gain on investments is recognised when the fair value of the investments is above the carrying value of the investments at the end of the reporting period.

Notes to the Financial Statements

For the year ended 31 March 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

(l) Related parties

A party is considered to be related to the Company if:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of the parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Financial Statements

For the year ended 31 March 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

(n) Events after the reporting period

Events after the reporting period provide additional information about the Company's position at the reporting period end or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimation of realisability of deferred tax assets

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Company carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences arising from depreciation of fixed assets. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised. Management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

As at 31 March 2014, the Company has unrecognised deferred tax asset of HK\$3,884,971 (2013: HK\$3,585,000) arising from accumulative tax losses carried forward which management consider that it is not probable to utilise the deferred tax benefit in the foreseeable future.

(ii) Impairment of available-for-sale investments

The Company follows the guidance of HKAS 39 when determining whether an investment in available-for-sale investments is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the expected timespan the Company will hold on to this investment.

5. SEGMENT REPORTING

No segment information is presented in respect of the Company's business and geographical segments. Throughout the year, the Company has been operating principally in a single business and geographical segment.

Notes to the Financial Statements

For the year ended 31 March 2014

6. GAIN ON INVESTMENTS AND OTHER REVENUES

The Company's gain on investments and other revenues recognised during the year are as follows:-

	2014 HK\$'000	2013 HK\$'000
GAIN ON INVESTMENTS		
Net unrealised loss on investments at fair value through profit or loss	(233)	(474)
Net realised gain on disposal on investments at fair value through profit or loss	100	353
Dividend income	288	1,124
	155	1,003
OTHER REVENUES		
Sundry income	1	1
Distribution income from unlisted partnership	2,001	-
	2,002	1
Total gain on investments and other revenues	2,157	1,004

7. LOSS BEFORE TAXATION

The Company's loss before taxation is stated after charging/(crediting) the following:-

	2014 HK\$'000	2013 HK\$'000
Auditors' remuneration		
– Current year	165	160
Impairment losses on available-for-sale investments	2,349	-
Investment manager fee	288	288
Exchange loss/(gain), net	9	(5)
Legal and professional fee	418	224
Operating lease payments	686	664
Staff costs (excluding directors' emoluments)		
– Salaries, bonus and allowances	286	288
– Mandatory provident fund contributions	13	12

There is no exceptional items identified for the years ended 31 March 2014 and 2013.

Notes to the Financial Statements

For the year ended 31 March 2014

8. TAXATION

- (a) No provision for Hong Kong Profits Tax has been made in the financial statements as the Company has no assessable profits derived from its operation in Hong Kong during the year (2013: Nil).
- (b) No provision for overseas tax has been made in the financial statements, as the Company has no profit derived from overseas.
- (c) The Company had an unrecognised deferred tax asset as follows:–

	2014	2013
	HK\$'000	HK\$'000
Unrecognised deferred tax asset	3,885	3,585

The deferred tax asset mainly represents the full tax effect of timing differences arising from cumulative tax losses carried forward. This deferred tax asset has not been recognised in the financial statements as, in the opinion of directors, it is not probable to determine that this deferred tax asset can be utilised in the foreseeable future. These unused tax losses have no expiry date.

- (d) Reconciliation between tax expenses and accounting loss at applicable tax rate is as follows:–

	2014	2013
	HK\$'000	HK\$'000
Loss before taxation	(3,876)	(2,289)
Tax at the applicable rate of 16.5% (2013: 16.5%)	(640)	(378)
Tax effect of non-taxable income	(48)	(185)
Tax effect of non-deductible expenses	388	–
Tax effect of tax loss not recognised	300	563
Total income tax	–	–

Notes to the Financial Statements

For the year ended 31 March 2014

9. DIRECTORS' EMOLUMENTS

(a) Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:–

	2014 HK\$'000	2013 HK\$'000
Fee:		
Executive Directors	–	–
Independent Non-executive Directors	125	82
Other emolument:		
Executive Directors:		
– Salaries and benefits in kind	856	768
– Retirement benefit scheme contributions	15	15
	996	865

The emoluments of each director, on a named basis, for the year ended 31 March 2014 are set out below:–

	Directors' fees HK\$'000	Salaries and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Lee Wai Tsang, Rosa	–	692	15	707
Huang Zhijian	–	144	–	144
Lee Wai Wang, Robert	20	–	–	20
<i>Non-executive Director</i>				
Lee Woo Sing (retired on 1 May 2013)	–	–	–	–
<i>Independent Non-executive Directors</i>				
Lu Fan	35	–	–	35
Zhang Hongru	35	–	–	35
Chow Yunxia, Carol	35	–	–	35
Lam Chi Wai	20	–	–	20
	145	836	15	996

Notes to the Financial Statements

For the year ended 31 March 2014

9. DIRECTORS' EMOLUMENTS *(continued)*

(a) Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:– *(continued)*

The emoluments of each director, on a named basis, for the year ended 31 March 2013 are set out below:–

	Directors' fees HK\$'000	Salaries and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Lee Wai Tsang, Rosa	–	640	15	655
Huang Zhijian	–	128	–	128
<i>Non-executive Director</i>				
Lee Woo Sing	–	–	–	–
<i>Independent Non-executive Directors</i>				
Lu Fan	28	–	–	28
Zhang Hongru	27	–	–	27
Chow Yunxia, Carol	27	–	–	27
	82	768	15	865

During the year, there was no arrangement under which a director waived or agreed to waive any remuneration. No emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Company or as compensation for loss of office (2013: Nil).

(b) Highest paid individuals

Of the individuals with the highest remuneration in the Company, the numbers of directors and individuals are as follows:–

	2014	2013
Number of directors	3	3
Number of individuals	2	2
	5	5

The emoluments of the above directors are included in the disclosure in note 9(a).

Notes to the Financial Statements

For the year ended 31 March 2014

9. DIRECTORS' EMOLUMENTS *(continued)*

(b) Highest paid individuals *(continued)*

The emoluments of the above individuals are as follows:–

	2014 HK\$'000	2013 HK\$'000
Salaries, allowances and benefits in kind	286	288
Retirement benefit scheme contributions	13	12
	299	300

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:–

	2014 Number of employees	2013 Number of employees
Nil to HK\$500,000	2	2
HK\$500,001 to HK\$1,000,000	–	–
	2	2

During the year, there was no arrangement under which an individual waived or agreed to waive any remuneration. No emoluments were paid by the Company to any of the individuals as an inducement to join or upon joining the Company or as compensation for loss of office (2013: Nil).

During the year, no share options were granted to any of these directors or the above highest paid individuals in respect of their services to the Company.

Notes to the Financial Statements

For the year ended 31 March 2014

10. AVAILABLE-FOR-SALE INVESTMENTS

	2014 HK\$'000	2013 HK\$'000
Investment securities, at cost:		
Equity securities, unlisted shares (<i>note (a)</i>)	18,787	18,787
Less: impairment loss	-	-
	18,787	18,787
Investments in limited partnerships, at cost (<i>note (b)</i>)	27,291	27,291
Less: impairment loss	(2,349)	-
	24,942	27,291
Total	43,729	46,078

(a) Equity securities

The equity securities represent investments in unlisted equity interest in private enterprises in the People's Republic of China (the "PRC").

There is no active market for these equity securities as the companies are privately held. The fair values of these equity securities are determined firstly by reference to the investment considerations, which were negotiated at arm's length between the directors and the investee companies. In addition, the directors have considered the development of the investee companies of the future growth potential and the prospective growth of the value of the shares. On account of such analysis, the directors consider that there have not been any material changes to the equity securities that would lead to a change in the fair values of these available-for-sale investments from the dates of their acquisition to 31 March 2014. There is therefore no revaluation difference to be recognised in these financial statements and no impairment provision is required to be made as at 31 March 2014.

Notes to the Financial Statements

For the year ended 31 March 2014

10. AVAILABLE-FOR-SALE INVESTMENTS (continued)

(a) Equity securities (continued)

Particulars of the equity securities as at the end of the reporting period are as follows:–

Name of issuer	Nature of business	No. of share held	Equity interest held (%)	Net asset attributable to the investment (%)	2014 Cost less impairment HK\$'000	2013 Cost less impairment HK\$'000
Tianjin Yishang Friendship Holdings Company Limited	Operation of department stores and home retail shops	8,711,965	3.955%	20%	9,434	9,434
		(2013: 8,711,965)	(2013: 3.955%)	(2013: 19%)		
Joyport Holdings Limited	Online game development, distribution and operation	1,231,600	1.48%	3%	1,551	1,551
		(2013: 1,231,600)	(2013: 1.48%)	(2013: 3%)		
MBP Software Group Holdings Limited	Provision of services on application software project developer and product research	1,832,500	7.33%	17%	7,802	7,802
		(2013: 1,832,500)	(2013: 7.33%)	(2013: 15%)		
					18,787	18,787

A brief description of the business information of the equity securities is as follows: –

Tianjin Yishang Friendship Holdings Company Ltd (“Tianjin Yishang”)

Tianjin Yishang is a sino-foreign enterprise incorporated in the PRC on 6 January 2006 under 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 in the PRC.

The audited financial information of Tianjin Yishang was approximately as follows:

	For the year ended 31/12/2013 HK\$'000	For the year ended 31/12/2012 HK\$'000
(Loss)/profit for the year	(30,313)	198,435
Net asset value	916,734	915,749

During the year, the Company did not receive any cash dividend from Tianjin Yishang (2013: HK\$998,830).

Notes to the Financial Statements

For the year ended 31 March 2014

10. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

(a) Equity securities *(continued)*

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 (“MMORPG”), which can support more than 10,000 concurrent players.

The unaudited financial information of Joyport was approximately as follows:–

	For the year ended 31/12/2013 HK\$'000	For the year ended 31/12/2012 HK\$'000
Profit for the year	25,457	28,076
Net asset value	91,458	61,250

During the year, the Company received a cash dividend of HK\$241,222 from Joyport (2013: Nil).

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 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.

The audited financial information of MBP Software was approximately as follows:

	For the year ended 31/12/2013 HK\$'000	For the year ended 31/12/2012 HK\$'000
Profit for the year	14,837	19,924
Net asset value	84,553	43,890

During the year, the Company did not receive any dividend from MBP Software (2013: Nil).

Notes to the Financial Statements

For the year ended 31 March 2014

10. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

(b) Investments in limited partnerships

There is no active market for the investments as the interest in the limited partnership is privately held. The fair values of these investments are determined firstly by reference to the investment considerations, which were negotiated at arm's length between the general partners and the third parties. In addition, the directors have considered the development of the limited partnerships, and the prospective growth of the value of the investments. On account of such analysis, the directors consider that the carrying amounts of the limited partnerships stated fairly to their fair values as at 31 March 2014.

Particulars of the limited partnerships are as follows:–

Name of limited partnerships	Nature of business	Percentage of interest held (%)	Net assets attributable to the investment (%)	2014 Cost less impairment HK\$'000	2013 Cost less impairment HK\$'000
CMHJ Technology Fund II, L.P. ("CMHJ")	Investing in equity securities of privately held companies in the technologies enabled services and products industries	2.8% (2013: 2.8%)	33% (2013: 31%)	15,595	15,595
Project Carmel L.P. ("Project Carmel")	Investing in real estate in Macau	1.94% (2013: 1.94%)	20% (2013: 23%)	9,347	11,696
				24,942	27,291
				2014 HK\$'000	2013 HK\$'000
Investments in limited partnerships, at cost				27,291	27,291
Provision for impairment loss				(2,349)	–
				24,942	27,291

Notes to the Financial Statements

For the year ended 31 March 2014

10. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

(b) Investments in limited partnerships *(continued)*

The movements on the provision for impairment of investments in limited partnerships are as follows:

	2014 HK\$'000	2013 HK\$'000
At beginning of the year	-	-
Impairment loss on available-for-sale investments	(2,349)	-
At end of the year	(2,349)	-

A brief description of the business information of the limited partnerships is as follows:-

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 Mainland China.

The audited net assets attributable to shareholders of CMHJ were approximately as follows:

	As at 31/3/2014 HK\$'000	As at 31/3/2013 HK\$'000
Net asset value attributable to shareholders	547,261	577,433

During the year, the Company received cash dividend of HK\$2,001,388 from CMHJ (2013: Nil)

Notes to the Financial Statements

For the year ended 31 March 2014

10. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

(b) Investments in limited partnerships *(continued)*

PROJECT CARMEL L.P. ("Project Carmel")

LCF Macau Co-Investors, L.P. has changed its name to Project Carmel L.P. with effects from 13 March 2012. Project Carmel is a limited partnership organised pursuant to the provisions of the Partnership Act 1996 of the British Virgin Islands. Project Carmel is primary to invest in real estate in Macau and to realise capital appreciation from the sales of the properties.

The principal asset held by Project Carmel as at 31 December 2013 was a 4.61% (2013: 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 Panchoes Iec, Macau.

The unaudited net assets attributable to shareholders of Project Carmel were approximately as follows:–

	As at 31/12/2013 HK\$'000	As at 31/3/2013 HK\$'000
Net asset value attributable to shareholders	770,260	777,005

During the year, the Company did not receive any dividend from Project Carmel (2013: Nil).

On 15 April 2014, the Company disposed of its entire interest in Project Carmel to an independent third party. Project Carmel was sold for a total consideration of HK\$9,346,834 with actual investment cost of HK\$7,814,000.

Notes to the Financial Statements

For the year ended 31 March 2014

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 HK\$'000	2013 HK\$'000
Equity securities listed in Hong Kong, at fair value (<i>note (a)</i>)	634	2,821
Equity securities listed in United States of America, at fair value (<i>note (b)</i>)	–	167
	634	2,988

The Company's investments in listed securities designated as investments at fair value through profit or loss were not pledged at the end of the reporting period (2013: fair value amounting to HK\$237,560 were pledged as collateral to a related company, Grand Investment (Securities) Limited ("GIS"), to obtain marginal facilities for the Company).

At the date of approval of these financial statements, the aggregate market value of the listed equity securities held by the Company as at 31 March 2014 was approximately HK\$646,000.

Notes:

(a) Equity securities listed in Hong Kong, at fair value

Particulars of the equity securities are as follows:–

At 31 March 2014

Name of invested company	Place of incorporation	Number of shares	Percentage of interest held (%)	Net assets attributable to the investment (%)	Cost	Market	Unrealised
					HK\$'000	value HK\$'000	gain/(loss) arising on revaluation HK\$'000
ChinaAMC CSI 300 Index ETF	The People's Republic of China	16,000	Less than 0.1%	0.93%	511	200	(311)
Yanzhou Coal Mining Company Limited	The People's Republic of China	34,000	Less than 0.1%	0.43%	573	434	(139)
					1,084	634	(450)

Notes to the Financial Statements

For the year ended 31 March 2014

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(a) Equity securities listed in Hong Kong, at fair value (continued)

Particulars of the equity securities are as follows:–

At 31 March 2013

Name of invested company	Place of incorporation	Number of shares	Percentage of interest held (%)	Net assets attributable to the investment (%)	Cost	Market value	Unrealised gain/(loss) arising on revaluation
					HK\$'000	HK\$'000	HK\$'000
Hong Kong Exchanges and Clearing Limited	Hong Kong	9,000	Less than 0.1%	2%	1,336	1,190	(146)
China Communications Construction Company Limited	The People's Republic of China	90,000	Less than 0.1%	1%	670	650	(20)
Xinhua A50 China Index ETF	Hong Kong	60,000	Less than 0.1%	1%	604	625	21
Yanzhou Coal Mining Company Limited	The People's Republic of China	34,000	Less than 0.1%	1%	573	356	(217)
					3,183	2,821	(362)

A brief description of the business information of the invested companies, based on their latest published annual reports, is as follows:–

China AMC CSI 300 Index ETF ("CSI 300")

CSI 300 primarily invests in access products linked to the Chinese A-Share market.

The audited financial information of CSI 300 was approximately as follows:–

	For the year ended 31/12/2013 HK\$'000	For the year ended 31/12/2012 HK\$'000
Loss attributable to shareholder of CSI 300	1,254,587	N/A
Net asset value	11,640,634	N/A

During the year ended 31 March 2014, the Company received cash dividends of approximately HK\$4,000 from CSI 300.

Notes to the Financial Statements

For the year ended 31 March 2014

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(a) Equity securities listed in Hong Kong, at fair value (continued)

Yanzhou Coal Mining Company Limited ("Yanzhou Coal")

Yanzhou Coal is primarily engaged in underground and open-cut mining, preparation and sales of coal and potash mineral exploration, provision of railway transportation services, production and sales of methanol and electricity and related heat supply services.

The audited financial information of Yanzhou Coal was approximately as follows:-

	For the year ended 31/12/2013 HK\$'000	For the year ended 31/12/2012 HK\$'000
Profit attributable to shareholder of Yanzhou Coal	3,895,470	7,643,000
Net asset value	51,244,580	60,243,000

During the year, the Company received cash dividends of approximately HK\$14,000 from Yanzhou Coal.

(b) Equity securities listed in United States, at fair value

Particulars of the equity securities are as follows:-

At 31 March 2013

Name of invested company	Place of incorporation	Number of shares	Percentage of interest held (%)	Net assets attributable to the investment (%)	Cost	Market	Unrealised
					HK\$'000	value HK\$'000	gain/(loss) arising on revaluation HK\$'000
Apple Inc.	United States of America	50	Less than 0.1%	0.3%	279	167	(112)

The Company has not held any equity securities listed in United States as at 31 March 2014 (2013: HK\$167,275).

Notes to the Financial Statements

For the year ended 31 March 2014

12. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2014	2013
	HK\$'000	HK\$'000
Deposits and other receivables	281	195
Prepayments	173	185
	454	380

The carrying amounts of deposits and other receivables approximate their fair values as at 31 March 2014 and 2013. The Company does not hold any collateral over these balances.

The deposits and other receivables do not contain impaired assets.

The carrying amounts of the Company's deposits and other receivables are denominated in the Hong Kong dollars.

13. CASH AND CASH EQUIVALENTS

	2014	2013
	HK\$'000	HK\$'000
Cash and bank balances	2,058	1,570
Short-term bank deposits	230	–
	2,288	1,570

The carrying amounts of cash and cash equivalents are denominated in the following currencies:–

	2014	2013
	HK\$'000	HK\$'000
Hong Kong dollars	271	47
United States dollars	2,017	1,523
	2,288	1,570

Notes to the Financial Statements

For the year ended 31 March 2014

14. OTHER PAYABLES AND ACCRUALS

	2014	2013
	HK\$'000	HK\$'000
Other payables and accruals	149	184

The carrying amounts of other payables and accruals approximate their fair values as at 31 March 2014 and 2013 and are denominated in Hong Kong dollars.

15. SHARE CAPITAL

	2014	2013
	HK\$'000	HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	100,000	100,000
Issued and fully paid:		
172,800,000 ordinary shares of HK\$0.10 each	17,280	17,280

16. RESERVES

	Share premium	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	37,786	(1,945)	35,841
Total comprehensive loss			
Net loss for the year	–	(2,289)	(2,289)
At 31 March 2013	37,786	(4,234)	33,552
Total comprehensive loss			
Net loss for the year	–	(3,876)	(3,876)
At 31 March 2014	37,786	(8,110)	29,676

(i) Share premium reserve

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

Notes to the Financial Statements

For the year ended 31 March 2014

17. CAPITAL MANAGEMENT

The Company's primary objective when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company actively reviews and manages its capital structure in the light of changes in economic conditions so as to maintain a sound capital position. Total capital is defined as shareholders' funds in the statement of financial position.

The Company is not subject to internally or externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and 2013.

18. OPERATING LEASE COMMITMENT

The Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:-

	As at 31/3/2014 HK\$'000	As at 31/3/2013 HK\$'000
Not later than one year	236	664

19. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the following information:-

	As at 31/3/2014	As at 31/3/2013
Net assets (HK\$'000)	46,956	50,832
Number of ordinary share in issue ('000)	172,800	172,800

20. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2014 (2013: Nil).

Notes to the Financial Statements

For the year ended 31 March 2014

21. LOSS PER SHARE

The calculation of loss per share is based on the following information:

	2014	2013
	HK\$'000	HK\$'000
Net loss attributable to shareholders	3,876	2,289
<hr/>		
	As at	As at
	31/3/2014	31/3/2013
Number of weighted average of ordinary shares in issue ('000)	172,800	172,800

The Company has no potential dilutive ordinary shares that were outstanding during the year.

22. RELATED PARTY TRANSACTIONS

During the year, save for those parties referred to as connected transactions in the report of the directors and disclosed elsewhere in notes to the financial information, the Company paid rental expenses and traded listed securities through a securities account maintained with a related company, GIS, in which the director, Dr. Lee Woo Sing has beneficial interests. Dr. Lee Woo Sing retired as a director of the Company on 1 May 2013. During the year, the Company paid rental expenses to a related company, Moral Rich Corporation Limited ("MRC"), in which Mr. Lee Tak Lun is the controlling shareholder. Mr. Lee Tak Lun is the father of Mr. Lee Wai Wang, Robert and Ms. Lee Wai Tsang, Rosa, the directors of the Company.

Details of related party transactions as below:

	2014	2013
	HK\$'000	HK\$'000
Investment manager fee paid to a related company	288	288
Rental expenses paid to related companies	686	678

GIS and MRC are regarded as connected persons of the Company under Rule 21.13 and Rule 14A.11 respectively of the Listing Rules. Accordingly, the transactions also constitute continuing connected transactions for the Company.

Notes to the Financial Statements

For the year ended 31 March 2014

23. SHARE OPTION SCHEME

The following is a summary of the pertinent terms of the share option scheme.

The purpose of the share option scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company, if any.

The directors may, at their absolute discretion, grant options to any employee, any executive or non-executive directors, any persons that provides research, development or other technological support to the Company, any shareholder, any advisor or consultant, and/or any joint venture partner or business alliance that co-operates with the Company.

(i) Maximum number of the shares

- (a) The maximum number of shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30 percent of the share capital of the Company in issue from time to time.
- (b) The total number of shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the share option scheme and any other share option scheme(s) of the Company) to be granted under the share option scheme and any other share option schemes of the Company must not in aggregate exceed 10 percent of the shares in issue ("General Scheme Limit").
- (c) Subject to (a) above and without prejudice to (d) below, the Company may seek approval of the shareholders in general meeting to refresh the General Scheme Limit provided that the total number of shares which may be allotted and issued upon the exercise of all options to be granted under the share option scheme and any other share option scheme(s) of the Company must not exceed 10 percent of the shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the share option scheme and any other share option scheme(s) of the Company) previously granted under the share option scheme and any other share option scheme(s) of the Company will not be counted.
- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate approval of the shareholders in general meeting to grant options under the share option scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by the Company before such approval is sought.

(i) *Maximum entitlement of each participant*

The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the share option scheme and any other share option scheme(s) of the Company (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1 percent of the issued share capital of the Company for the time being.

Notes to the Financial Statements

For the year ended 31 March 2014

23. SHARE OPTION SCHEME *(continued)*

(i) Maximum number of the shares *(continued)*

(d) *(continued)*

(ii) *Grant of options to connected persons*

Any grant of options under the share option scheme to a director, chief executive or substantial shareholder or any of their respective associates must be approved by the independent non-executive directors.

Certain grant of options to a substantial shareholder or an independent non-executive Director, must be approved by the shareholders in general meeting.

(iii) *Time of acceptance and exercise of option*

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. The maximum period that an option may be exercised from the time it is granted is 10 years. There is no minimum period required under the share option scheme for the holding of an option before it can be exercised.

(iv) *Performance targets*

No performance targets are specifically stipulated under the share option scheme.

(v) *Subscription price for the shares*

The subscription price for the shares under the share option scheme shall be a price determined by the directors but shall not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade on the date of the offer of grant which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (c) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(vi) *Restrictions on the time of grant of options*

No offer for the grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirement of the Listing Rules.

(vii) *Period of the share option scheme*

The share option scheme will remain in force for a period of 10 years commencing on the date on which the share option scheme becomes unconditional.

Notes to the Financial Statements

For the year ended 31 March 2014

23. SHARE OPTION SCHEME *(continued)*

(i) Maximum number of the shares *(continued)*

(d) *(continued)*

(viii) *Adjustments to the subscription price*

In the event of a capitalisation issue, rights issue, sub-division or consolidation of the Shares or reduction of capital of the Company whilst an option remains exercisable such corresponding alterations, if any, certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of the shares the subject matter of the share option scheme and the option granted and so far as granted and unexercised and/or the subscription price.

(ix) *Termination of the share option scheme*

The Company may by resolution at general meeting at any time terminate the operation of the share option scheme and in such event no further options shall be offered.

(x) *Lapse of option*

An option shall lapse automatically on the earliest of the expiry of the period referred to in paragraph (iv) and the expiry of the periods or dates of the following:

- Cessation of employment of a grantee;
- Death, ill-health, or retirement of a grantee;
- Dismissal of a grantee;
- Breach of contract by a grantee;
- Holder of the shares accepting a general offer, a compromise, or arrangement; and
- The Company undergoing a voluntary winding-up.

None of employees were granted share option by the Company during the year.

Notes to the Financial Statements

For the year ended 31 March 2014

24. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as at 31 March 2014

	Investments at fair value through profit or loss HK\$'000	Loans and receivables HK\$'000	Available- for-sale financial investments HK\$'000	Total HK\$'000
Unlisted equity investments	-	-	43,729	43,729
Listed equity investments	634	-	-	634
Deposits and other receivables	-	281	-	281
Cash and cash equivalents	-	2,288	-	2,288
	634	2,569	43,729	46,932

Financial assets as at 31 March 2013

	Investments at fair value through profit or loss HK\$'000	Loans and receivables HK\$'000	Available- for-sale financial investments HK\$'000	Total HK\$'000
Unlisted equity investments	-	-	46,078	46,078
Listed equity investments	2,988	-	-	2,988
Deposits and other receivables	-	195	-	195
Cash and cash equivalents	-	1,570	-	1,570
	2,988	1,765	46,078	50,831

Financial liabilities as at 31 March 2014

	Financial liabilities at amortised cost HK\$'000
Other payables and accruals	149

Financial liabilities as at 31 March 2013

	Financial liabilities at amortised cost HK\$'000
Other payables and accruals	184

Notes to the Financial Statements

For the year ended 31 March 2014

25. FINANCIAL RISKS MANAGEMENT

The main risks arising from the Company's financial instruments are credit risks, foreign exchange risks, interest rate risk, liquidity risk and equity price risk. The directors meet periodically to analyse and formulate measures to manage the Company's exposure to these risks. Generally, the Company introduces conservative strategies on its risk management. The directors review and agree policies for managing each of these risks and they are summarised as follows:

(i) Credit risks

The credit risk of the Company's other financial assets, which comprise deposits and other receivables, cash and cash equivalents, available-for-sale investments and investments at fair value through profit or loss arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

In order to minimise the credit risk, the management of the Company reviews the recoverable amount of each individual debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors of the Company consider that the Company's credit risk is significantly reduced.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The credit risk on investments in listed securities is limited because the counterparty is a well-established securities broker firm in Hong Kong.

The Company has no significant concentration of credit risk.

(ii) Foreign exchange risk

Foreign exchange risk arises when commercial transactions, assets or liabilities are denominated in a currency that is not the functional currency of the Company. The Company operates mainly in Hong Kong and is exposed to foreign currency exchange rate risk arising from various foreign currency exposures, primarily with respect to United States dollars and Renminbi.

The directors are of the opinion that the Hong Kong dollars are reasonably stable with the United States dollars under the Linked Exchange Rate System, and accordingly, no sensitivity analysis of United States dollars with respect to Hong Kong dollars is performed. Further, of the view that portfolio in listed and unlisted securities, only one investment in a non-listed security uses Renminbi as its functional currency. At 31 March 2014, if Renminbi had strengthen by 3% (As at 31 March 2013: 3%) against the Hong Kong dollars with all other variables held constant, post-tax profit for the period would have been HK\$236,321 (As at 31 March 2013: HK\$236,321) lower, mainly as a result of foreign exchange losses on translation of Renminbi.

(iii) Interest rate risk

The interest rate risk mainly arises from interest-bearing bank deposits. Other than the cash at banks which carry interest at prevailing market interest rates, the Company has no other significant interest-bearing assets or liabilities, therefore the Company's exposure to the interest rate risk is considered to be minimal.

Notes to the Financial Statements

For the year ended 31 March 2014

25. FINANCIAL RISKS MANAGEMENT *(continued)*

(iv) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash and bank deposits to meet liquidity requirements in the short and longer term. The directors are of the opinion that the Company does not have significant liquidity risk.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2014 HK\$'000	2013 HK\$'000
Less than one year		
– Other payables and accruals	149	184

(v) Equity price risk

Equity price risk is the risk that the fair values of equity securities decreases as a result of changes in the levels of equity indices and the value of individual securities. The Company is exposed to equity price risk arising from individual equity investments classified as investments at fair value through profit or loss (note 11) as at 31 March 2014. The Company's listed investments are listed on the Hong Kong Stock Exchange, and are valued at quoted market price as of the end of the reporting period.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:-

	31 March 2014	High/low 2014	31 March 2013	High/low 2013
Hong Kong – Hang Seng Index	22,151	24,112/ 19,426	22,299	23,822/ 18,186

Notes to the Financial Statements

For the year ended 31 March 2014

25. FINANCIAL RISKS MANAGEMENT *(continued)*

(v) Equity price risk *(continued)*

The following table demonstrates the sensitivity to every 12% (2013: 15%) change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts as at 31 March 2014.

	Carrying amount of equity investments	Increase/ decrease in equity
	HK\$'000	HK\$'000
2014		
Investments listed in:		
Hong Kong – Investments at fair value through profit or loss	634	76
2013		
Investments listed in:		
Hong Kong – Investments at fair value through profit or loss	2,988	437

26. FAIR VALUE ESTIMATION

The carrying values of cash and cash equivalents, deposits and other receivables, and other payables and accruals are a reasonable approximation of their fair values. Given these terms, it is not meaningful to disclose the fair value of such balances.

The fair values of listed investments are based on quoted market price.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair values measured using the inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Notes to the Financial Statements

For the year ended 31 March 2014

26. FAIR VALUE ESTIMATION *(continued)*

- Level 3: fair values measured using the inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

		Level 1	Level 2	Level 3	Total
	<i>Note</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March 2014					
Investments at fair value through profit or loss	11	634	–	–	634
As at 31 March 2013					
Investments at fair value through profit or loss		2,988	–	–	2,988

During the year, the Company did not have any level 2 or level 3 financial instruments (2013: Nil).

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These financial instruments are included in level 1. Instruments included in level 1 comprise primarily HSI and HHI equity investments classified as trading securities.

27. EVENTS AFTER THE REPORTING PERIOD

On 15 April 2014, the Company disposed of its entire interest in Project Carmel, an available-for-sale investment, to an independent third party. Project Carmel was sold for a total consideration of HK\$9,346,834 with actual investment cost of HK\$7,814,000.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 11 June 2014.

Financial Summary

For the year ended 31 March 2014

	2014 HK'000	2013 HK'000	2012 HK'000	2011 HK'000	2010 HK'000
RESULTS					
Gain on investments	155	1,003	250	44	6,133
(Loss)/Profit before taxation	(3,876)	(2,289)	(1,648)	(1,182)	2,380
Taxation	-	-	-	-	1,378
(Loss)/Profit attributable to equity holders of the Company	(3,876)	(2,289)	(1,648)	(1,182)	3,758
ASSETS AND LIABILITIES					
Total assets	47,105	51,016	53,292	54,967	58,347
Total liabilities	(149)	(184)	(171)	(198)	(2,396)
Equity attributable to equity holders of the Company	46,956	50,832	53,121	54,769	55,951
NET ASSET VALUE PER SHARE	HK\$0.27	HK\$0.29	HK\$0.31	HK\$0.32	HK\$0.32