



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

Interim Report 2014

* for identification purpose only

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Huang Zhijian

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

Mr. Lee Wai Wang, Robert

Independent Non-Executive Directors

Dr. Chow Yunxia, Carol

Mr. Lam Chi Wai

Mr. Lu Fan

Dr. Zhang Hongru

(resigned on 1 September 2014)

COMPANY SECRETARY

Ms. Wong Chui San, Susan

(appointed on 14 November 2014)

Mr. Cheng Wing Kin

(resigned on 14 November 2014)

AUDIT COMMITTEE

Mr. Lu Fan (*Chairman*)

Dr. Chow Yunxia, Carol

Mr. Lam Chi Wai

INVESTMENT MANAGER

Grand Investment (Securities) Limited

A3, 32/F, United Centre

95 Queensway

Hong Kong

CUSTODIAN

DBS Bank Ltd., Hong Kong Branch

18th Floor, The Center

99 Queen's Road Central

Hong Kong

AUDITORS

East Asia Sentinel Limited

22 Floor, Tai Yau Building

181 Johnston Road

Wanchai, Hong Kong

PRINCIPAL BANKER

Wing Hang Bank, Limited

161 Queen's Road Central

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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 ADVISORS TO THE COMPANY

As to Hong Kong law

Chiu & Partners

40th Floor, Jardine House

1 Connaught Place

Hong Kong

As to Bermuda law

Conyers Dill & Pearman

2901, One Exchange Square

8 Connaught Place, Central

Hong Kong

Unaudited Condensed Interim Financial Statements

RESULTS

The board (the “Board”) of directors (the “Directors”) of Grand Investment International Ltd. (the “Company”) is pleased to announce the unaudited condensed interim results of the Company for the six months ended 30 September 2014 (the “Period”) together with the comparative figures for the corresponding period in 2013. These interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee and the independent auditors.

On behalf of the Board

Grand Investment International Ltd.

Lee Wai Tsang, Rosa

Chairman

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2014

	NOTE	For the six months ended	
		30 September 2014 HK\$'000 (Unaudited)	30 September 2013 HK\$'000 (Unaudited)
REVENUES	5	(14)	49
OTHER REVENUES	6	50	1
ADMINISTRATIVE EXPENSES		(1,495)	(1,669)
LOSS BEFORE TAXATION	8	(1,459)	(1,619)
TAXATION	9	-	-
LOSS FOR THE PERIOD		(1,459)	(1,619)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,459)	(1,619)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO: Owners of the Company		(1,459)	(1,619)
INTERIM DIVIDEND	10	-	-
LOSS PER SHARE (Cents)			
- Basic	11	(0.84)	(0.94)
- Diluted	11	N/A	N/A

The notes on pages 8 to 16 form part of these unaudited condensed interim financial statements.

Condensed Statement of Financial Position

As at 30 September 2014

	<i>NOTE</i>	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Available-for-sale investments	<i>12</i>	34,382	43,729
CURRENT ASSETS			
Investments at fair value through profit or loss	<i>13</i>	408	634
Deposits, prepayments and other receivables	<i>14</i>	354	454
Cash and cash equivalents	<i>15</i>	10,478	2,288
TOTAL CURRENT ASSETS		11,240	3,376
CURRENT LIABILITIES			
Other payables and accruals	<i>16</i>	125	149
TOTAL CURRENT LIABILITIES		125	149
NET CURRENT ASSETS		11,115	3,227
TOTAL ASSETS LESS CURRENT LIABILITIES		45,497	46,956
NET ASSETS		45,497	46,956
CAPITAL AND RESERVES			
Share capital	<i>17</i>	17,280	17,280
Reserves		28,217	29,676
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		45,497	46,956
NET ASSET VALUE PER SHARE		HK\$0.26	HK\$0.27

The notes on pages 8 to 16 form part of these unaudited condensed interim financial statements.

Condensed Statement of Changes in Equity

For the six months 30 September 2014

	Share capital HK'000	Share premium HK'000	Accumulated losses HK'000	Total HK'000
Balance at 1 April 2013 (Audited)	17,280	37,786	(4,234)	50,832
Loss for the period	–	–	(1,619)	(1,619)
Balance at 30 September 2013 (Unaudited)	17,280	37,786	(5,853)	49,213
Balance at 1 April 2014 (Audited)	17,280	37,786	(8,110)	46,956
Loss for the period	–	–	(1,459)	(1,459)
Balance at 30 September 2014 (Unaudited)	17,280	37,786	(9,569)	45,497

The notes on pages 8 to 16 form part of these unaudited condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 September 2014

	For the six months ended	
	30 September 2014 HK\$'000 (Unaudited)	30 September 2013 HK\$'000 (Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	8,140	(995)
NET CASH GENERATED FROM INVESTING ACTIVITIES	50	1
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	8,190	(994)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,288	1,570
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	10,478	576
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balance	10,478	576

The notes on pages 8 to 16 form part of these unaudited condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 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 and the People’s Republic of China.

2. BASIS OF PREPARATION

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

The Interim Financial Statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The Interim Financial Statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The Interim Financial Statements have not been audited, but have been reviewed by the Company’s Audit Committee and the independent auditors.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Annual Report of the Company for the year ended 31 March 2014.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Company’s Annual Report for the year ended 31 March 2014 except for the adoption of new and revised standard and interpretation with effect from 1 April 2014.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2014

4. CHANGES IN ACCOUNTING POLICIES

(a) Amendments and interpretations to existing standards effective for the Company's annual financial period beginning on 1 April 2014 and relevant to the Company

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

Amendments to HKAS 32 "Offsetting financial assets and financial liabilities"

The amendments to HKAS 32 clarify the offsetting criteria such as the meaning of "currently has a legally enforceable right to set-off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria for certain gross settlement systems which may be considered equivalent to the net settlement system. The adoption of this amendment does not have material impact on the Company.

Amendments to HKAS 36 "Recoverable amount disclosures for non-financial assets"

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among other things, the amendments expand the disclosures required for an impaired asset or cash-generating units whose recoverable amount is based on fair value less costs of disposal. The adoption of this amendment does not have any impact on the Company.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2014

(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 2014, 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 7 and HKFRS 9 (Amendments), “Mandatory effective date and transition disclosures”	1 January 2015
HKFRS 9 “Financial instruments”	1 January 2018
HKAS 15 “Revenue from Contracts with Customers”	1 January 2017
HKFRS Amendments “Annual Improvements to HKFRSs 2010-2012 Cycle”	1 July 2014
HKFRS Amendments “Annual Improvements to HKFRSs 2011-2013 Cycle”	1 July 2014

The directors of the Company are 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 been concluded that the adoption of them is unlikely to have a significant impact on the Company’s results of operations and financial position.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2014

5. REVENUES

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

	For the six months ended	
	30 September 2014 HK\$'000 (Unaudited)	30 September 2013 HK\$'000 (Unaudited)
Net realised gain on disposal of investments at fair value through profit or loss	1	89
Net unrealised holding loss on investments at fair value through profit or loss	(15)	(246)
Net realised gain on option premium	–	11
Dividend income from listed securities	–	31
Dividend income from unlisted investment	–	164
	(14)	49

6. OTHER REVENUES

	For the six months ended	
	30 September 2014 HK\$'000 (Unaudited)	30 September 2013 HK\$'000 (Unaudited)
Interest income	50	1
	50	1

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2014

7. SEGMENT REPORTING

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

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

	For the six months ended	
	30 September 2014 HK\$'000 (Unaudited)	30 September 2013 HK\$'000 (Unaudited)
Provision for auditors' remuneration	60	60
Directors' remuneration	461	415
Mandatory provident fund	7	6
Investment manager fee	144	144
Staff cost (excluding directors' emoluments)	152	125
Operating lease payments	193	341

9. TAXATION

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for the Period (period ended 30 September 2013: 16.5%). No provision has been made for Hong Kong Profits Tax as there were no estimated Hong Kong assessable profits for the Period (period ended 30 September 2013: Nil).

10. INTERIM DIVIDEND

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

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2014

11. LOSS PER SHARE

The calculation of loss per ordinary share is based on the unaudited loss of approximately HK\$1,459,000 for the Period (period ended 30 September 2013: loss of approximately HK\$1,619,000) attributable to the equity shareholders of the Company and on the weighted average of 172,800,000 ordinary shares (period ended 30 September 2013: 172,800,000 ordinary shares) in issue during the Period.

The Company has no potential dilutive ordinary shares that were outstanding during the two periods ended 30 September 2014 and 30 September 2013; therefore, no diluted loss per share has been presented.

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Investment securities, at cost		
Equity securities, unlisted shares	18,787	18,787
Investments in limited partnerships	15,595	24,942
	34,382	43,729

13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Equity securities, at fair value		
Listed in Hong Kong	408	634
	408	634

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

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2014

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Deposits and other receivables	265	281
Prepayments	89	173
	354	454

15. CASH AND CASH EQUIVALENTS

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Cash and bank balances	1,989	2,058
Short-term bank deposits	8,489	230
	10,478	2,288

16. OTHER PAYABLES AND ACCRUALS

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Accrued expenses	125	149

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2014

17. SHARE CAPITAL

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Authorised:		
1,000,000,000 ordinary shares of HK\$0.1 each	100,000	100,000
Issued and fully paid:		
172,800,000 ordinary shares of HK\$0.1 each	17,280	17,280

18. RELATED PARTY TRANSACTIONS

During the Period, the Company paid rental expenses to and traded listed securities through a securities account maintained with a related company, Grand Investment (Securities) Limited ("GIS") in which its director, Mr. Lee Tak Lun, is a close family member of Mr. Lee Wai Wang, Robert and Ms. Lee Wai Tsang, Rosa, the directors of the Company. GIS was also the investment manager of the Company and was entitled to a monthly fee of HK\$24,000 (period ended 30 September 2013: HK\$24,000) for the provision of investment management services to the Company.

Details of related party transactions for the six months ended 30 September 2014 are as follows:

	30 September 2014 HK\$'000 (Unaudited)	30 September 2013 HK\$'000 (Unaudited)
Investment manager fee paid to a related company	144	144
Rental expenses paid to a related company	186	332

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2014

19. COMMITMENTS

Operating lease commitments

At 30 September 2014, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Not later than one year	50	236
In second to fifth year inclusive	-	-
	50	236

20. APPROVAL OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

This unaudited condensed interim financial statement was approved by the Board on 20 November 2014.

Management Discussion and Analysis

BUSINESS OVERVIEW AND PROSPECTS

During the Period, the Company recorded a loss of approximately HK\$1,459,000 (period ended 30 September 2013: loss of approximately HK\$1,619,000). The slight improvement is attributed to lowered administrative expenses and return on investment.

The net asset value ("**NAV**") per ordinary share of HK\$0.10 ("**Share**") of the Company was HK\$0.26 as at 30 September 2014 (31 March 2014: HK\$0.27).

For the first six months of our financial year, China had seen modest growth of 7.4%. The People's Bank of China (PBOC) targeted to lower borrowing cost in order to facilitate growth in specific sectors. The Central Bank of China first reduced required reserve ratio (RRR) of rural banks by 200 basis points (bps) in April, then lowered RRR again by 50bps for selected banks with sizeable lending to farmers and small and medium-sized enterprises (SMEs) in June. While growth rate will decelerate, China will maintain its relatively positive growth compared to other countries.

Currently, the Shanghai-Hong Kong Stock Connect program is part of a greater financial and structural reform for China. The program could potentially be replicated in other markets to permit broader overseas capital market accessibility into China and served as a conduit for Chinese investors to invest overseas. This could ultimately lead to the Renminbi liberalization. While the market had seen some foreign fund inflows from June to September, the recent events in Hong Kong had added extra geopolitical risk to the city that could negatively impact its financial reputation, economic growth and social stability.

Beyond Hong Kong and China, the European Central Bank (ECB) announced rates cut in early September followed by asset purchase of European sovereign bonds and asset backed securities. However, these actions failed to support the European equities in the near term. Positive impact may take up to 12 months to be seen. Meanwhile, the Bank of Japan (BOJ) surprised the market in early November with another round of quantitative easing (QE). The BOJ plans to aggressively buy stock and property funds, extend the average maturity of its bondholding to 10 years from three, and raise the ceiling of its annual Japanese government bond purchases by 30 trillion yen to 80 trillion yen. The Japanese equities market had rallied and the Japanese Yen devalued substantially as a result. As for the US, the equities had remained stable as most earnings delivered slightly better than expected results. With the ending of QE3, the US economy will rely on domestic consumption to support further growth. The rate increase prospect for the US in the near term is unlikely.

Management Discussion and Analysis

In short, the economic environment globally remains fragile. China with its decelerating but steady growth rate should be able to maintain consistency. The financial reform in China combined with relatively low valuation in equities still gives Chinese some competitive edge. Having said that, we may also strategically consider foreign investment opportunities outside China should the valuations be justified. Our portfolio is currently composed of several direct investments and a limited partnership.

DIRECT INVESTMENTS/FUND INVESTMENT

Regarding our direct investments and limited partnership, we have successfully divested from Project Carmel L.P. We are in the process of exiting from other projects, though the timing and terms are still subject to market conditions. As such, our portfolio company that generates income from Japan will likely be affected by the aggressive devaluation of the Japanese Yen. But we strive to maintain positive return through diverse exit avenues. As we receive return funds, we persistently strive to seek prospective investment opportunities that fulfill our investment mandate. A brief description of the business information of our direct investments and fund investments is as follows:

DIRECT INVESTMENTS

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

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

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.

Management Discussion and Analysis

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.

FUND INVESTMENTS

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.

INVESTMENT IN SECURITIES

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

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Company was in a sound liquidity position. The Company had bank balances of approximately HK\$10,478,000 (31 March 2014: HK\$2,288,000). There was no borrowing or funding requirements by the Company for investment and capital expenditures. The Board believes that the Company has sufficient financial resources to meet its investment or working capital requirements.

As at 30 September 2014, the Company had net assets of approximately HK\$45,497,000 (31 March 2014: HK\$46,956,000) with no long term liabilities.

Management Discussion and Analysis

CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2014, there were no charges on the Company's assets or any significant contingent liabilities (31 March 2014: Nil).

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

CAPITAL EXPENDITURES

The Company did not make any significant capital expenditure during the Period (30 September 2013: Nil).

COMMITMENTS

As at 30 September 2014, the Company had irrevocable operational leases of approximately HK\$50,000 (31 March 2014: HK\$236,000) which was to be repaid within one year.

The Company did not have any capital commitments as at 30 September 2014 (31 March 2014: Nil).

CAPITAL STRUCTURE

As at 30 September 2014, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000.

INTERIM DIVIDEND

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

PURCHASE AND REDEMPTION

During the Period, the Company has not purchased, sold or redeemed any of its securities (30 September 2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2014, the Company had 8 (31 March 2014: 9) employees, including the executive and independent non-executive Directors of the Company.

Total staff cost for the Period amounted to HK\$613,000 (period ended 30 September 2013: HK\$540,000). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of the individual employees.

Management Discussion and Analysis

FOREIGN CURRENCY EXPOSURE

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

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted as at 30 September 2014 or at any time during the Period under review.

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

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

SHARE OPTIONS

The Company had adopted a share option scheme on 2 April 2004, under which the Directors and certain selected classes of participants may at the discretion of the Directors of the Company, be granted options to subscribe for ordinary shares of the Company, subject to the stipulated terms and conditions (the "Share Option Scheme"). The Share Option Scheme expired on 1 April 2014. No options were granted under the Share Option Scheme during the Period (period ended 30 September 2013: Nil).

Save as disclosed above, none of the Company's Directors and chief executive, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the Period (period ended 30 September 2013: Nil).

DIRECTORS' AND/OR EXECUTIVE'S INTEREST IN SHARES

As at 30 September 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.

Management Discussion and Analysis

SUBSTANTIAL SHAREHOLDERS

As at 30 September 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 existing shareholding (Note 5)
1. Optimize Capital Investments Limited ("Optimize Capital")	Beneficial owner	14,980,000 (long position) (Note 1)	8.67%
2. Lee Tak Lun	Interest of a controlled corporation	14,980,000 (long position) (Note 1)	8.67%
	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
	Beneficial owner	41,700,000	24.13%
		91,860,000	53.16%
3. Grand Finance Group Company Limited ("GFG")	Registered and beneficial owner	35,180,000 (long position) (Notes 2 to 4)	20.36%
4. Jumbo China Holdings Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
5. Billion Sky Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
6. Win Key Investments Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%

Management Discussion and Analysis

Notes:

1. Optimize Capital is a company incorporated in the British Virgin Islands, and is owned as to 90% by Mr. Lee Tak Lun and 10% by his daughter, Ms. Lee Wai Tsang Rosa. Mr. Lee Tak Lun is the father of Mr. Lee Wai Wang Robert. 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.
2. GFG is a company incorporated in Hong Kong, the entire issued capital of which is beneficially owned as to 58% by Jumbo China Holdings Limited, 28% by Bright Pearl Limited and 14% by Win Key Investments Limited. Jumbo China Holdings Limited is taken to be interested in these shares under Part XV of the SFO.
3. The entire issued share capital of Jumbo China Holdings Limited is beneficially owned as to 79.31% by Billion Sky Limited. Billion Sky Limited is taken to be interested in these Shares under Part XV of the SFO.
4. The entire issued share capital of Billion Sky Limited is beneficially owned as to 59.55% by Win Key Investments Limited (the entire issued share capital of which is beneficially owned by Mr. Lee Tak Lun). Win Key Investments Limited and Mr. Lee Tak Lun are taken to be interested in these Shares under Part XV of the SFO.
5. The percentage of shareholding is calculated on the basis of 172,800,000 shares in the Company in issue as at 30 September 2014.

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 September 2014.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Since the publication of the Company's annual report for the financial year ended 31 March 2014 up to 20 November 2014 (being the date of approval of this interim report), there is no change of information of each Director that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Management Discussion and Analysis

COMPETITION AND CONFLICT OF INTEREST

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

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

BOARD OF DIRECTORS

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

By order of the Board

Lee Wai Tsang, Rosa

Chairman

Hong Kong, 20 November 2014