



大唐投資國際有限公司*

GRAND INVESTMENT INTERNATIONAL LTD.

(incorporated in Bermuda with limited liability)

Stock Code: 1160



Annual Report
2012-13

Positioned for
Growth

* for identification purpose only



SHANGHAI

BEIJING



TIANJIN

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MACAU



HONG KONG





Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Huang Zhijian

Ms. Lee Wai Tsang, Rosa

(appointed as Chairman with effect from 1 May 2013)

Non-Executive Director

Dr. Lee Woo Sing (*Chairman*)

(retired on 1 May 2013)

Independent Non-Executive Directors

Mr. Lu Fan

Dr. Zhang Hongru

Dr. Chow Yunxia, Carol

COMPANY SECRETARY

Ms. Chung Wing Han, Wendy

AUDIT COMMITTEE

Mr. Lu Fan

Dr. Zhang Hongru

Dr. Chow Yunxia, Carol

INVESTMENT MANAGER

Grand Investment (Securities) Limited

1/F – 3/F,

No. 269-277 Queen's Road Central

Hong Kong

CUSTODIAN

DBS Bank Ltd., Hong Kong Branch

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

Unit A, 2/F,

No. 269-277 Queen's Road Central

Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

31/F, 148 Electric Road,

North Point, Hong Kong

LEGAL 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

WEBSITE

www.grandinvc.com

Chairman's Statement

In 2012, global economy experienced a significant slowdown particularly in Europe. World Bank expected the euro zone economy to contract by 0.6% in 2013 and grow by only 0.9% in 2014, which suggested demand in Europe is unlikely going to improve in the near future. While China attempted to prevent property market bubbles and reduced the heavy reliance from the local governments, the immediate effect and structural change is not yet evident. The central government of the PRC continued to place greater emphasis on transforming China from a manufacturing export economy to a domestic consumption driven economy. However, offsetting signs of healthy shift towards consumption is the slower household income growth compared to the rest of the economy. A sharp fall in income growth for China's household suggested there might be more fundamental problems. Year-over-year growth in disposable income for China urban household fell from 9.6% in 2012 to 6.7% in the first quarter this year, reflecting the delayed impact of the slowing growth and squeeze of corporate profits. Worries over China's weak economy and the overall economic health are the challenges for the country.

The first quarter of this year for China A-shares trading was unimpressive with -1.1% return and second quarter will likely be range bound, but we expect to see some signs of A-shares picking up by the third quarter. Chinese manufacturing expansions slow down with lower than expected Q1 GDP at 7.7% year-on-year. Evidence indicates that China has weak demand and softness in manufacturing spreading into the service sectors. While industrial output, a key to monthly measure of growth has risen month to month, it is still below market expectation. There are still soft patches, but with supportive policy the economy should stabilize. Chinese retails remain lackluster, slowdown is attributed to government crackdown on official extravagance. By comparison, Europe is still struggling with its debt crisis and faces long term economic burden, but both US and Japan had been successful for the time being with their respective quantitative easing to improve the economies of their home countries. Unemployment in the US has steadily dropped from 8% to 7.5%, while its housing market and household consumption are both improving with gradual signs of recovery. Standard and Poor's 500 Index and DJIA (Dow Jones Industrial Average) rallied 11.4% and 10.3% yoy respectively. In Japan, after Shinzo Abe won the election and became the Prime Minister of Japan last year, he implemented a series of monetary policy targeted to promote growth. Its aggressive measures most significantly resulted in the around 15.23% drop in its currency against the USD since November 2012. The deep depreciation of the Japanese yen had made Japanese product far more competitive from competitors in Korea, China or Taiwan.

Looking forward, we will see both challenges and positive catalysts ahead. The economy of China will remain largely reliant on the central government policy and its ability to meet the demand of the market. We will see new leadership of China drawing more concrete blueprint in October during the Third Plenum of the 18th CPC Central Committee meeting on financial reform, anti-corruption measures, environment improvement and related sectors. Even though global economic and investing environment remains unstable complicated with political tensions, there will be both uncertainty as well as opportunity. Finally, I would like to offer my most sincere gratitude to our beloved retired Chairman, Dr. Lee Woo Sing, who worked tirelessly for the shareholders and inspired the board with his timeless wisdom. I also want to thank the board for their unwavering support during these challenging years. Last but not least, I want to thank the shareholders for their continuous support. I will do my best to lead the Group in continuous pursuit for value.

Lee Wai Tsang, Rosa

Chairman

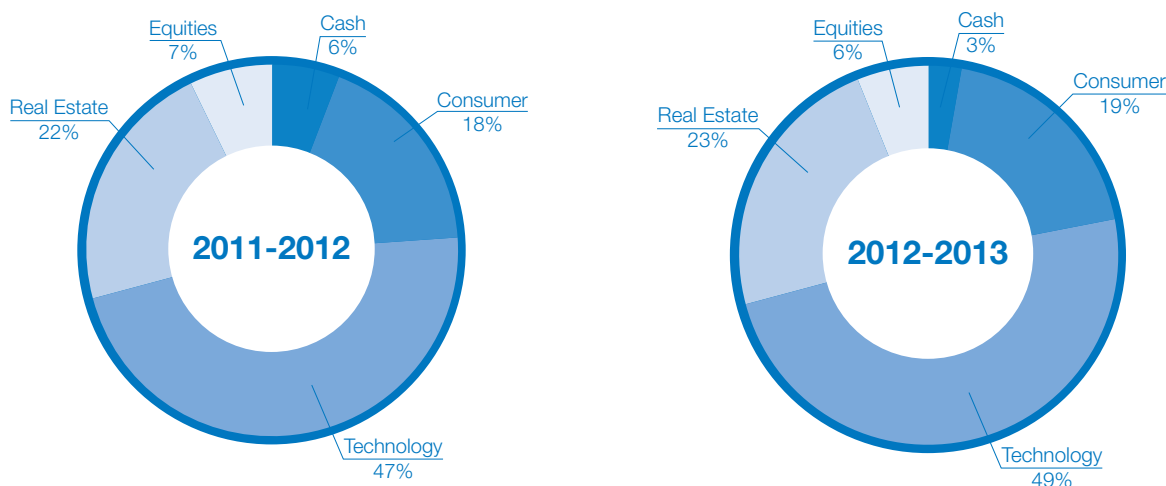
Hong Kong, 18 June 2013

Management Discussion and Analysis

During the year ended 31 March 2013 ("Year"), Grand Investment International Ltd. ("Company") recorded a loss of approximately HK\$2,289,000 (2012: a loss of HK\$1,648,000). For the year ended 31 March 2013, the Company recorded HK\$1,003,000 (2012: HK\$250,000) in turnover, comprising realized gain of approximately HK\$353,000 (2012: HK\$280,000) and net unrealized loss of the listed securities and investments portfolio of approximately HK\$474,000 (2012: HK\$1,253,000).

Our mandate stipulates that our investment should be at least 70% in China and we have limited exposure to other countries. China's economic growth had slowed with year-on-year GDP (gross domestic product) at 7.8%, compared to 9.2% in 2011 and CPI (consumer price index) at 2.6% compared to 5.4% in 2011. Despite steady industrial production, better corporate earnings, and objective to reform, China A shares market had year-on-year meager return of 1.7%. Due to the generally soft investing environment in China and our focus in the region, our exits strategies had been limited subject to market condition and demands. Looking forward, we will continue to seek return on our existing portfolio companies. We are doing our best to manage our existing portfolios to identify suitable exits and returns.

TOTAL ASSET ALLOCATION



DIVIDENDS

The board ("Board") of directors of the Company ("Directors") do not recommend the payment of a dividend for the Year (2012: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2013, the Company had bank balances of approximately HK\$1,570,000 (2012: HK\$2,284,000).

The Board concluded 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 (2012: N/A).

The Company had net assets of approximately HK\$50,832,000 (2012: HK\$53,121,000).



Management Discussion and Analysis

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company held assets and liabilities denominated in Hong Kong Dollars and Renminbi. Accordingly, it is subject 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 2013, there were no charges on the Company's assets or any significant contingent liabilities. (2012: Nil).

CAPITAL COMMITMENTS

The Company had no capital commitments as at 31 March 2013 (2012: Nil).

CAPITAL STRUCTURE

As at 31 March 2013, 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 2013, the Company had 8 employees (2012: 8), including the executive, non-executive and independent non-executive Directors. Total staff cost for the Year was HK\$1,138,000 (2012: HK\$1,053,000). 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 continuous dedication and commitments.

Lee Wai Tsang, Rosa

Chairman

Hong Kong SAR, 18 June 2013



Corporate Governance Report

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

CORPORATE GOVERNANCE

During the period from 1 April 2012 to 31 March 2013 (the “**Year**”), the Company 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**”) (which is applicable to financial reports covering a period after 1 April 2012) except for the following deviation:

Code provision E.1.2

The chairman of the board of directors (the “**Board**”) of the Company should attend the annual general meeting and arrange for the chairmen of the audit, remuneration, nomination and any other committees (collectively, the “**Committees**”) (as appropriate) to attend. In their absence, he should invite another member of the Committee or, failing this, his duly appointed delegate, to attend and be available to answer questions at the annual general meeting. The chairman of the Board and the chairmen of the Committees could not attend the annual general meeting of the Company held on 30 July 2012 (the “**2012 AGM**”) due to business trips or other business engagement. Ms. Lee Wai Tsang, Rosa, an executive Director, was delegated by the chairman of the Board and the chairmen of the Committees to attend the 2012 AGM to ensure effective communication with the shareholders of the Company.

BOARD OF DIRECTORS

Composition

During the Year, the Board consisted of two executive Directors, one non-executive Director and three independent non-executive Directors (the “**INED(s)**”). Biographical details of each Director are set out on pages 16 to 17 of this Annual Report. All INEDs of the Company have confirmed their independence pursuant to Rule 3.13 of the Listing Rules and the Company is satisfied that each of them has met the criteria of independence expected of an INED under the Listing Rules and has the character, integrity, independence and experience required to continue to act as an INED of the Company.

In addition, Dr. Zhang Hongru (“**Dr. Zhang**”) (being one of the INEDs) has been serving the Company for more than 9 years. Given that Dr. Zhang does not have interests in any business activities of, and is not involved in any business dealings with, the Company or with any connected persons (as defined in the Listing Rules) of the Company, the Board considers that the independence of Dr. Zhang is not in any way affected notwithstanding his considerable length of service with the Company. To comply with code provision A.4.3 set out in the CG Code, a resolution for the further appointment of Dr. Zhang as INED of the Company will be put forward to the shareholders of the Company for consideration and, if thought fit, approval at the forthcoming annual general meeting of the Company to be held on 5 August 2013.

Dr. Lee Woo Sing, the Chairman of the Company and a non-executive Director during the Year, is the grandfather of Ms. Lee Wai Tsang Rosa, who is an executive Director. Save as the above, there is no relationship (whether financial, business, family or otherwise) among members of the Board.

Corporate Governance Report

Responsibilities of Directors

The Board is responsible for 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 of the Company. The Board has delegated to the management the responsibilities to deal with day-to-day operations and review those arrangements and report to the Board on a periodic basis. For investment-related matters, the Board has set up an Investment Committee to assist the Investment Manager appointed by the Company in the management of the investment portfolio of the Company. Every Director is kept informed of his or her responsibilities as a director of the Company under the laws and regulations (including but not limited to 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 each Director. The handbook also outlines the responsibilities of, among others, 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 Company's performance, position and prospects and to discharge their duties and responsibilities on a timely basis. The Directors, to properly discharge their duties, are given access to independent professional advisers, when necessary, at the expense of the Company.

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 to take and keep 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, of the Company will be considered and dealt with by the Board at a duly convened Board meeting. He or she is required to disclose the conflict of interests 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 6 meetings of the Board were held.

Corporate Governance Report

The following is the attendance record of the meetings held during the Year:

Name of Director	No. of Meetings	
	Attended/Held	Attendance Rate
<i>Executive Directors</i>		
Dr. Huang Zhijian	6/6	100%
Ms. Lee Wai Tsang, Rosa	6/6	100%
<i>Non-executive Director</i>		
Dr. Lee Woo Sing	6/6	100%
<i>Independent Non-Executive Directors</i>		
Mr. Lu Fan	6/6	100%
Dr. Zhang Hongru	6/6	100%
Dr. Chow Yunxia, Carol	6/6	100%

The Company held the 2012 AGM on 30 July 2012 and no other general meetings were held by the Company during the Year. Due to business trips or other business engagement, some of the Directors were unable to attend the 2012 AGM. Ms. Lee Wai Tsang, Rosa, an executive Director, was delegated by the chairman of the Board and the chairmen of the Committees to attend the 2012 AGM to ensure effective communication with the shareholders of the Company. The following is the attendance record of the 2012 AGM:

Name of Director	No. of Meeting(s)	
	Attended/Held	Attendance Rate
<i>Executive Director</i>		
Dr. Huang Zhijian	0/1	0%
Ms. Lee Wai Tsang, Rosa	1/1	100%
<i>Non-executive Director</i>		
Dr. Lee Woo Sing	0/1	0%
<i>Independent Non-Executive Directors</i>		
Mr. Lu Fan	0/1	0%
Dr. Zhang Hongru	0/1	0%
Dr. Chow Yunxia, Carol	0/1	0%

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.

Corporate Governance Report

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.

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 enquires, 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.

Corporate Governance Report

AUDIT COMMITTEE

The Company has established with written terms of reference an Audit Committee whose members are Mr. Lu Fan, Dr. Zhang Hongru and Dr. Chow Yunxia, Carol, 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 has reviewed with the management the accounting principles and practices adopted by the Company and has discussed with the management about the auditing, internal control and financial reporting matters for the Year. The Audit Committee has also reviewed the annual results of the Company for the Year.

The Audit Committee held 2 meetings in the Year. The following is the attendance record of the meetings held by the Audit Committee during the Year:

Name of Committee Members	No. of Meetings	
	Attended/Held	Attendance Rate
Mr. Lu Fan (<i>Chairman</i>)	2/2	100%
Dr. Zhang Hongru	2/2	100%
Dr. Chow Yunxia, Carol	2/2	100%

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 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 Annual General Meeting 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 Annual General Meeting at a fee to be agreed with the Directors.

Corporate Governance Report

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	160
Other advisory services	–

The Audit Committee has been provided with sufficient resources to discharge its responsibilities. The terms of reference of the Audit Committee, which define the role, authority and function delegated to it by the Board, are available on websites of the Stock Exchange and the Company.

REMUNERATION COMMITTEE

The Company has set up with written terms of reference a Remuneration Committee whose members are Mr. Lu Fan, Dr. Zhang Hongru and Dr. Chow Yunxia, Carol, 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.

The Remuneration Committee held 2 meetings in the Year. The following is the attendance record of the meetings held by the Remuneration Committee for the Year:

Name of Committee Members	No. of Meetings	
	Attended/Held	Attendance Rate
Mr. Lu Fan (<i>Chairman</i>)	2/2	100%
Dr. Zhang Hongru	2/2	100%
Dr. Chow Yunxia, Carol	2/2	100%

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

1. considered and adopted the terms of reference for the Remuneration Committee to ensure compliance with the Listing Rules;
2. determined the policy for the remuneration of executive directors, assessing performance of executive directors and approve the terms of executive director's service contracts;
3. followed the model described in code provision B.1.2(c)(ii) set out in the CG Code to make recommendations to the Board regarding the Company's remuneration policy and for the formulation and review of the specific remuneration package of all Directors of the Company for determination by the Board; and
4. considered and dealt with the matters of appointment, retirement and re-election of the Directors.

The terms of reference of the Remuneration Committee, which define the role, authority and function delegated to it by the Board, are available on the websites of the Stock Exchange and the Company.



Corporate Governance Report

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.

The Nomination Committee held 1 meeting in the Year. The following is the attendance record of the meetings held by the Remuneration Committee for the Year:

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

The terms of reference of the Nomination Committee, which define the role, authority and function delegated to it by the Board, are available on the websites of the Stock Exchange and the Company.

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

1. considered and adopted the terms of reference for the Remuneration Committee to ensure compliance with the Listing Rules;
2. considered the suitability of a candidate to become Board member and assess the independence of Independent Non-executive Directors; and
3. determined the policy for the nomination of directors.

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. In addition, the Directors are required to disclose to the Company their interests in the Company at least twice a year and comply with the prohibition or restriction during the no trading black out period before the issue of results announcements of the Company.

Corporate Governance Report

DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

The Audit Committee and the Board have 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 of 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 Annual 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 Company, 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") of the Company (comprising directors of the investment manager of the Company) is responsible for making routine investment decisions in accordance with the investment objective and policies formulated by the Board. The following is the attendance record of the meetings held by the Investment Committee during the Year.

Name of Committee Members	No. of Meetings	
	Attended/Held	Attendance Rate
Mr. Lee Tak Lun	25/25	100%
Ms. Lee Wai Tsang, Rosa (<i>Chairman</i>)	25/25	100%
Ms. Chung Wing Han, Wendy	25/25	100%
Dr. Huang Zhijian	25/25	100%

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dr. Lee Woo Sing was the Chairman of the Company during the Year. Dr. Lee retired 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 is no significant change in the Company's constitutional documents.



Corporate Governance Report

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 have held 4 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 regulation.

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.
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.

Corporate Governance Report

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 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 annual general meeting ("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 35, has been an executive Director since 1 June 2005 and appointed as chairman of the Company since 1 May 2013. Prior to her appointment as an executive Director, Ms. Lee was an executive manager and a member of the Company's investment committee. Ms. Lee holds a bachelor degree from the University of Southern California. She also holds Master of Science in Finance from Boston College and MBA from 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 ("SFO"). Ms. Lee is a director of Grand Finance Group Company Ltd ("GFG"), several of its subsidiaries and a director of Tianjin Yishang Friendship Holdings Co., Ltd and MBP Software Group Holdings Ltd. She is also the corporate representative of Shanghai YIYa Investment Management Company Limited. Ms. Lee had contributed articles to various financial journals and had been interviewed by numerous magazines and newspapers in Hong Kong. She is 政協第十一屆浙江省委員會港澳台僑和外事委員會特邀委員 and the director of Jiangxi Overseas Friendship Association and Tianjin Overseas Friendship Association.

Ms. Lee is the granddaughter of Dr. Lee Woo Sing, the former Chairman 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 substantial shareholder of the Company.

Dr. Huang Zhijian

Dr. Huang Zhijian, aged 67, has been an executive Director since 1 January 2007. 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 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, an executive director of Cosmos Machinery Enterprises Limited (stock code: 0118) and an independent non-executive director of Pine Technology Holdings Limited (stock code: 1079).

NON-EXECUTIVE DIRECTOR

Dr. Lee Woo Sing

Dr. Lee Woo Sing, aged 85, was a non-executive Director and the chairman of the Company from 30 April 2003 to 1 May 2013. Dr. Lee has over 70 years' experience in the finance industry. During the period from 1958 to 2003, Dr. Lee was one of the substantial shareholders and served on the senior management team of Shun Loong Group. During the period from 1995 to March 2003, Dr. Lee was a registered dealer with the Securities and Futures Commission and a dealing director with the Stock Exchange respectively. He was also one of the Founding Committee Members of the Stock Exchange, the Financial Securities Advisor of Tianjin, the PRC and a member of the China National Committee of Pacific Economic Cooperation Business Forum. Dr. Lee is currently the Honorary Advisor to the Chinese Gold & Silver Exchange Society, the Honorary President of the Institute of Securities Dealers Limited, a member of the Board of FuDan University, Senior Advisor of the Board of Trustee at The Shaw College, Chinese University of Hong Kong, the Honorary Citizen of Tianjin, the PRC, the Honorary Chairman of the Native Friendship Association of Zhejiang Province, the Honorary Professor of Zhejiang University, the Honorary Professor of Huazhong University of Science and Technology, Doctor of Social Science, honoris causa, the Chinese University of Hong Kong, the permanent Honorary Chairman of Shanghai Fraternity Association and the Honorary Chairman of Ning Po Residents Association. In 2010, Dr. Lee commemorated the Woo Sing College at the Chinese University of Hong Kong.

As at 31 March 2013, Dr. Lee had or was deemed under Part XV of the SFO to have a long position in 1,000,000 Shares by virtue of his controlling interest in Winrex International Limited and by which such 1,000,000 Shares were held. Save as disclosed, Dr. Lee did not have any interest in Shares within the meaning of Part XV of the SFO.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lu Fan

Mr. Lu Fan, aged 57, is an independent non-executive Director since 1 June 2005. 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 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 56, is an independent non-executive Director since 13 February 2004. 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 34, has been an independent non-executive Director since 1 June 2009. 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.



Report of the Directors

The directors of the Company (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 2013 (the “Year”), which were approved by the board of directors (the “Board”) on 18 June 2013.

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 2013 comprised of gains or loss from investments and other sources.

FINANCIAL RESULTS

The loss and cash flows of the Company for the Year and the state of affairs of the Company as at 31 March 2013 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 (2012: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (“Annual General Meeting”) will be held on 5 August 2013.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Company for the Year is set out on page 62.

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 2013, 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

During the Year, there were no share options granted under the share option scheme adopted by the Company on 2 April 2004. 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

Dr. Huang Zhijian

Ms. Lee Wai Tsang, Rosa

Non-executive Director

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

Independent Non-executive Directors

Mr. Lu Fan

Dr. Zhang Hongru

Dr. Chow Yunxia, Carol

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 ("Bye-laws"). In accordance with Bye-Law 113(A) of the Bye-Laws, Ms. Lee Wai Tsang, Rosa, and Mr. Lu Fan shall retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Furthermore, as Dr. Zhang Hongru has been serving as an independent non-executive Director for more than nine years and to comply with the code provision A.4.3 set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, a separate resolution for Dr. Zhang's further appointment will be put forward to the shareholders of the Company for consideration and approval at the forthcoming Annual General Meeting.

The Company has received annual confirmations of independence from Mr. Lu Fan, Dr. Zhang Hongru and Dr. Chow Yunxia, Carol 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

DIRECTOR'S INTEREST IN SHARES

As at 31 March 2013, the interests and short positions of the Directors and their associates in the shares, underlying shares, and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Companies as contained in the Listing Rules, were as follows:

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

Other than disclosed above, neither of the Directors of the Company nor their associates had any interest or short positions in any Shares and underlying Shares of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2013, as far as the Directors are aware:

- save as disclosed below, other than a Director or chief executive of the Company, no person or entity was, directly or indirectly, interested in 10% or more of the voting power of any general meeting of the Company or otherwise interested in 10% or more of the issued share capital of the Company;
- the following entity/person had an interest or short position in the ordinary Shares of the Company and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of existing shareholding
1. Optimize Capital Investments Limited ("Optimize Capital") <i>(Note 1)</i>	Beneficial owner	14,980,000 (long position) <i>(Note 1)</i>	8.67%
2. Lee Tak Lun	Interest of a controlled corporation	14,980,000 (long position) <i>(Note 1)</i>	8.67%
	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
			29.03%

Report of the Directors

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of existing shareholding
3. Grand Finance Group Company Limited ("GFG")	Registered and beneficial owner	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
4. Jumbo China Holdings Limited	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
5. Billion Sky Limited	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%
6. Win Key Investments Limited	Interest of a controlled corporation	35,180,000 (long position) <i>(Notes 2 to 4)</i>	20.36%

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. Dr. Lee Woo Sing was a non-executive Director (who retired on 1 May 2013) while Ms. Lee Wai Tsang Rosa is an executive Director. Mr. Lee Tak Lun is taken to be interested in these Shares under Part XV of the SFO.
- 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.
- These Shares are held by Winrex International Limited ("Winrex"), a company incorporated in the British Virgin Islands. Dr. Lee Woo Sing holds more than one-third of the issued share capital of Winrex and is accordingly taken to be interested in the Shares held by Winrex under Part XV of the SFO.

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of 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 2013.



Report of the Directors

MANAGEMENT CONTRACTS

Except for the investment management agreement and the custodian agreement as disclosed below, 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 which fell below the de-minimis threshold under Rule 14A.33(3) of the Listing Rules.

Custodian Agreement

The Company appointed DBS Bank Ltd, Hong Kong Branch ("DBS") as its custodian under a custodian agreement ("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 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\$48,000 which fell below the de-minimis threshold under Rule 14A.33(3) of the Listing Rules.

The independent non-executive Directors have reviewed the continuing connected transactions contemplated under the aforementioned Investment Management Agreement and the Custodian Agreement and are of the view that the transactions were entered into in the ordinary and usual course of business of the Company, on normal commercial terms and in accordance with the Investment Management Agreement and the Custodian Agreement respectively which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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.

Report of the Directors

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors at the date of this Report, there was a sufficient public float of the total issued shares of the Company as prescribed under the applicable Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee (“Audit Committee”) in accordance with the Corporate Governance Code (“CG 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 the three 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 has complied with all the applicable code provisions set out in the CG Code then in force during the Year, except for the deviation from code provision E.1.2 which is explained in the Corporate Governance Report in this Annual Report.

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, 18 June 2013

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 2013, and the statement of comprehensive income, statement of changes in equity and 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 2013 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

V. Robert Lew

Director

Practising Certificate No. P01355

Hong Kong

Date: 18 June 2013

Statement of Comprehensive Income

For the year ended 31 March 2013

	<i>NOTE</i>	2013 HK\$'000	2012 HK\$'000
GAIN ON INVESTMENTS	<i>6</i>	1,003	250
OTHER REVENUES	<i>6</i>	1	1,226
ADMINISTRATIVE EXPENSES		(3,293)	(3,124)
LOSS BEFORE TAXATION	<i>7</i>	(2,289)	(1,648)
TAXATION	<i>8(a)</i>	-	-
LOSS FOR THE YEAR		(2,289)	(1,648)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,289)	(1,648)
DIVIDENDS	<i>20</i>	-	-
LOSS PER SHARE	<i>21</i>		
Basic:			
For loss for the year		(HK\$0.01)	(HK\$0.01)
Diluted:			
For loss for the year		N/A	N/A

The notes on pages 30 to 61 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2013

	<i>NOTE</i>	2013 HK\$'000	2012 HK\$'000
NON-CURRENT ASSETS			
Available-for-sale investments	<i>10</i>	46,078	46,078
CURRENT ASSETS			
Investments at fair value through profit or loss	<i>11</i>	2,988	3,733
Deposits, other receivables and prepayments	<i>12</i>	380	1,197
Cash and cash equivalents	<i>13</i>	1,570	2,284
TOTAL CURRENT ASSETS		4,938	7,214
CURRENT LIABILITIES			
Other payables and accruals	<i>14</i>	184	171
TOTAL CURRENT LIABILITIES		184	171
NET CURRENT ASSETS		4,754	7,043
NET ASSETS		50,832	53,121
EQUITY			
Share capital	<i>15</i>	17,280	17,280
Reserves	<i>16</i>	33,552	35,841
TOTAL EQUITY		50,832	53,121
NET ASSET VALUE PER SHARE	<i>19</i>	HK\$0.29	HK\$0.31

Lee Wai Tsang, Rosa

Director

Huang Zhijian

Director

The notes on pages 30 to 61 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2013

	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
YEAR ENDED 31 MARCH 2012				
At 1 April 2011	17,280	37,786	(297)	54,769
Total comprehensive loss				
Loss for the year	–	–	(1,648)	(1,648)
At 31 March 2012	17,280	37,786	(1,945)	53,121
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

The notes on pages 30 to 61 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK\$'000	2012 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,289)	(1,648)
Adjustments for:		
Bond interest income received	-	(27)
Unrealised loss of investments at fair value through profit or loss	474	1,253
Operating loss before changes in working capital	(1,815)	(422)
Change in fair value of investments at fair value through profit or loss	272	(3,901)
Change in fair value of available-for-sale investments	-	2,469
Decrease/(Increase) in deposits, other receivables and prepayments	816	(844)
Increase/(Decrease) in other payables and accruals	13	(27)
NET CASH USED IN OPERATING ACTIVITIES	(714)	(2,725)
CASH FLOW FROM INVESTING ACTIVITY		
Bond interest income received	-	27
NET CASH GENERATED FROM INVESTING ACTIVITY	-	27
NET DECREASE IN CASH AND CASH EQUIVALENTS	(714)	(2,698)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,284	4,982
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,570	2,284
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,570	308
Short-term deposit with original maturity within three months	-	1,976
	1,570	2,284

The notes on pages 30 to 61 form an integral part of these financial statements.



Notes to the Financial Statements

For the year ended 31 March 2013

1. GENERAL INFORMATION

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

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

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

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 statement 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 year beginning on 1 April 2012 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.

There are no HKFRSs interpretations that are effective for the first time for the financial year beginning on or after 1 April 2012 that would be expected to have a material impact on the Company.

Notes to the Financial Statements

For the year ended 31 March 2013

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

	Effective for accounting periods beginning on or after
HKAS 1 (Revised), "Presentation of financial statements"	1 July 2012
HKFRS 9 "Financial instruments"	1 January 2015
HKFRS 12 "Disclosures of interests in other entities"	1 January 2013
HKFRS 13 "Fair value measurement"	1 January 2013
Amendment to HKFRS 7 "Financial instruments: Disclosures – offsetting financial assets and financial liabilities"	1 January 2013
Amendment to HKAS 32 "Financial instruments: Presentation – offsetting financial assets and financial liabilities"	1 January 2013

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.

The amendment to HKAS 1 have been issued to improve the presentation of other comprehensive income. The amendments require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future by presenting them separately from those that would never be reclassified to profit or loss. The application of the amendment to HKAS 1 might result in changes in presentation of the Company's statement of comprehensive income. The Company will apply this amendment from 1 April 2013.

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of comprehensive income, unless this creates an accounting mismatch. The Company has yet to assess HKFRS 9's full impact and intends to adopt HKFRS 9 from 1 April 2015.



Notes to the Financial Statements

For the year ended 31 March 2013

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)*

HKFRS 12, “Disclosures of interests in other entities” includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company has yet to assess HKFRS 12’s full impact and intends to adopt HKFRS 12 from 1 April 2013.

HKFRS 13, “Fair value measurement”, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRS. The Company has yet to assess HKFRS 13’s full impact and intends to adopt HKFRS 13 from 1 April 2013.

Amendment to HKFRS 7, “Financial instruments: Disclosures – Offsetting financial assets and financial liabilities”, requires new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The Company will apply this amendment from 1 April 2013.

Amendment to HKAS 32, “Financial instruments: Presentation – Offsetting financial assets and financial liabilities”, are to the application guidance in HKAS 32 “Financial instruments: Presentation”, and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The application of the amendment to HKAS 32 might result in changes in presentation of certain financial assets and financial liabilities on the statement of financial position. The Company will apply this amendment from 1 April 2013.

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 2013

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 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 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 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 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 comprehensive income.



Notes to the Financial Statements

For the year ended 31 March 2013

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 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 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 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 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 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.

(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.

Notes to the Financial Statements

For the year ended 31 March 2013

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

(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.

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.



Notes to the Financial Statements

For the year ended 31 March 2013

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

(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.

(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.

(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 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.

Notes to the Financial Statements

For the year ended 31 March 2013

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

(l) Related parties *(continued)*

- (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).

(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.

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.

Notes to the Financial Statements

For the year ended 31 March 2013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

(i) Estimation of realisability of deferred tax assets *(continued)*

As at 31 March 2013, the Company has unrecognised deferred tax asset of HK\$3,585,000 (2012: HK\$2,866,000) 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.

6. GAIN ON INVESTMENTS AND OTHER REVENUES

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

	2013 HK\$'000	2012 HK\$'000
GAIN ON INVESTMENTS		
Net unrealised loss on investments at fair value through profit or loss	(474)	(1,253)
Net realised gain on disposal on investments at fair value through profit or loss	353	280
Dividend income	1,124	1,196
Interest income from bond	-	27
	1,003	250
OTHER REVENUES		
Sundry income	1	4
Distribution income from unlisted partnership	-	1,222
	1	1,226
Total gain on investments and other revenues	1,004	1,476

Notes to the Financial Statements

For the year ended 31 March 2013

7. LOSS BEFORE TAXATION

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

	2013 HK\$'000	2012 HK\$'000
Auditors' remuneration		
– Current year	160	160
Investment manager fee	288	288
Exchange gain, net	(5)	(1)
Legal and professional fee	224	186
Operating lease payments	664	678
Staff costs (excluding directors' emoluments)	300	246

8. TAXATION

- (a) No provision for Hong Kong Profits Tax has been made in the financial statements as the Company has no assessable profit derived from its operation in Hong Kong during the Year (2012: Nil).
- (b) As at 31 March 2013, the Company had an unrecognised deferred tax asset of approximately HK\$3,585,000 (2012: HK\$2,866,000) which mainly represents the full tax effect of timing differences arising from accumulative 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.
- (c) Reconciliation between tax expenses and accounting loss at applicable tax rate is as follows:-

	2013 HK\$'000	2012 HK\$'000
Loss before taxation	(2,289)	(1,648)
Tax at the applicable rate of 16.5% (2012: 16.5%)	(378)	(272)
Tax effect of non-taxable income	(185)	(45)
Tax effect of tax loss not recognised	563	317
Total income tax	–	–

Notes to the Financial Statements

For the year ended 31 March 2013

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:-

	2013 HK\$'000	2012 HK\$'000
Fee:		
Executive Directors	-	-
Independent Non-executive Directors	82	75
Other emolument:		
Executive Directors:		
- Salaries and benefits in kind	768	720
- Retirement benefit scheme contributions	15	12
	865	807

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

Notes to the Financial Statements

For the year ended 31 March 2013

9. DIRECTORS' EMOLUMENTS (continued)

(a) (continued)

The emoluments of each director, on a named basis, for the year ended 31 March 2012 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	–	600	12	612
Huang Zhijian	–	120	–	120
<i>Non-executive Director</i>				
Lee Woo Sing	–	–	–	–
<i>Independent Non-executive Directors</i>				
Lu Fan	25	–	–	25
Zhang Hongru	25	–	–	25
Chow Yunxia, Carol	25	–	–	25
	75	720	12	807

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 (2012: Nil).

(b) Five highest paid individuals

Of the five individuals with the highest remuneration in the Company, three (2012: three) were directors of the Company whose emoluments are included in the disclosure in note 9(a) above. The emoluments of the remaining two (2012: two) individuals are as follows:–

	2013 HK\$'000	2012 HK\$'000
Salaries, allowances and benefits in kind	288	236
Retirement benefit scheme contributions	12	10
	300	246

Notes to the Financial Statements

For the year ended 31 March 2013

9. DIRECTORS' EMOLUMENTS *(continued)*

(b) Five highest paid individuals *(continued)*

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

	2013 Number of employees	2012 Number of employees
Nil to HK\$500,000	2	2
HK\$500,001 to HK\$1,000,000	–	–
	2	2

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

10. AVAILABLE-FOR-SALE INVESTMENTS

	2013 HK\$'000	2012 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	–	–
	27,291	27,291
Total	46,078	46,078

Notes to the Financial Statements

For the year ended 31 March 2013

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

(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 2013. 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 2013.

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 (%)	2013 Cost less impairment HK\$'000	2012 Cost less impairment HK\$'000
Tianjin Yishang Friendship Holdings Company Limited	Operation of department stores and home retail shops	8,711,965 (2012: 8,711,965)	3.955% (2012: 3.955%)	9,434	9,434
Joyport Holdings Limited	Online game development, distribution and operation	1,231,600 (2012: 1,231,600)	1.48% (2012: 1.48%)	1,551	1,551
Lot Software Systems International Limited	Provision of services on application software project developer and product research	Nil (2012: 1,429)	Nil (2012: 8.8%)	-	7,802
MBP Software Group Holdings Limited	Provision of services on application software project developer and product research	1,832,500 (2012: Nil)	7.33% (2012: Nil)	7,802	-
				18,787	18,787



Notes to the Financial Statements

For the year ended 31 March 2013

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

(a) Equity securities *(continued)*

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 net assets attributable to shareholders of Tianjin Yishang at 31 December 2012 was approximately HK\$915,749,000.

During the year, the Company received cash dividend of HK\$998,830 from Tianjin Yishang (2012: HK\$948,040).

Joyport Holdings Limited (“Joyport”)

Joyport is a limited liability company registered in 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 profit for the year ended 31 December 2012 of Joyport was approximately HK\$28,076,000 and the unaudited net asset value of Joyport at 31 December 2012 was approximately HK\$61,250,000.

During the year, the Company did not receive any dividend from Joyport (2012: Nil).

Lot Software Systems International Limited (“Lot Software”)

Lot Software is a limited liability company incorporated under the laws of the British Virgin Islands. It focuses on software outsourcing business in Japan and 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.

As at 28 March 2013, Lot Software entered into a share conversion agreement with MBP Software Group Holdings Limited (“MBP Software”) that the shareholders are the holders of all the issued shares of Lot Software, which in turns hold the entire issued shares of MBP Software.

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 profit for the year ended 31 December 2012 and the unaudited profit for the period ended 31 March 2013 of MBP Software were approximately HK\$19,924,000 and HK\$372,000 respectively. The audited net asset value at 31 December 2012 and the unaudited net asset value at 31 March 2013 of MBP Software were approximately HK\$43,890,000 and HK\$73,638,000 respectively.

During the year, the Company did not receive any dividend from MBP Software (2012: Nil).

Notes to the Financial Statements

For the year ended 31 March 2013

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, of its future growth potential, and the prospective growth of the value of the investments. 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 2013.

Particulars of the limited partnerships are as follows:–

Name of limited partnerships	Nature of Business	Percentage of interest held (%)	2013 Cost less impairment HK\$'000	2012 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% (2012: 2.8%)	15,595	15,595
Project Carmel L.P. ("Project Carmel")	Investing in real estate in Macau	1.94% (2012: 1.94%)	11,696	11,696
			27,291	27,291

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 at 31 December 2012 was approximately HK\$577,433,000.

During the year, the Company did not receive any dividend from CMHJ (2012: Nil).

Notes to the Financial Statements

For the year ended 31 March 2013

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 2012 was a 4.61% (2012: 4.61%) equity interest in Baia da Nossa Senhora da Esperanca Real Estate Development Company Limited (“Baia da Nossa”), a limited liability company incorporated in Macau, which has an interest in a piece of land situated at Fabrica de Panchões Iec, Macau. However, up to the date of the financial statements, the title of the land had not been transferred to Baia da Nossa as the governmental approvals have not been sought to allow the development of the project.

The unaudited net assets attributable to shareholders of Project Carmel at 31 March 2013 was approximately HK\$777,005,000.

During the year, the Company did not receive any dividend from Project Carmel (2012: Nil).

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 HK\$'000	2012 HK\$'000
Equity securities listed in Hong Kong, at fair value <i>(note (a))</i>	2,821	3,733
Equity securities listed in United States of America, at fair value <i>(note (b))</i>	167	–
	2,988	3,733

At the end of the reporting period, the Company’s investments in listed securities designated as investments at fair value through profit or loss with fair value amounting to HK\$237,560 (2012: HK\$558,400) were pledged as collateral to a related company, Grand Investment (Securities) Limited (“GIS”), to obtain margin facility for the Company of which the Company did not utilise at the end of the reporting period.

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 2013 was approximately HK\$2,706,000.

Notes to the Financial Statements

For the year ended 31 March 2013

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

(a) Equity securities listed in Hong Kong, 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 (%)	Cost HK\$'000	Market value HK\$'000	Unrealised gain/(loss) arising on revaluation HK\$'000
Hong Kong Exchanges and Clearing Limited	Hong Kong	9,000	Less than 0.1%	1,336	1,190	(146)
China Communications Construction Company Limited	The People's Republic of China	90,000	Less than 0.1%	670	650	(20)
Xinhua A50 China Index ETF	Hong Kong	60,000	Less than 0.1%	604	625	21
Yanzhou Coal Mining Company Limited	The People's Republic of China	34,000	Less than 0.1%	573	356	(217)
				3,183	2,821	(362)

Notes to the Financial Statements

For the year ended 31 March 2013

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

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

Particulars of the equity securities are as follows:–

At 31 March 2012

Name of invested company	Place of incorporation	Number of shares	Percentage of interest held (%)	Cost HK\$'000	Market value HK\$'000	Unrealised gain/(loss) arising on revaluation HK\$'000
Bank of China Limited	The People's Republic of China	140,000	Less than 0.1%	495	438	(57)
China Everbright Limited	Hong Kong	20,000	Less than 0.1%	349	236	(113)
China Life Insurance Company Limited	The People's Republic of China	45,000	Less than 0.1%	1,314	907	(407)
Power Assets Holdings Limited	Hong Kong	5,000	Less than 0.1%	294	285	(9)
Tencent Holdings Limited	Cayman Islands	2,000	Less than 0.1%	429	433	4
Xinhua A50 China Index ETF	Hong Kong	80,000	Less than 0.1%	1,067	862	(205)
Yanzhou Coal Mining Company Limited	The People's Republic of China	34,000	Less than 0.1%	1,038	572	(466)
				4,986	3,733	(1,253)

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

Hong Kong Exchanges and Clearing Limited (“HKEX”)

HKEX is a recognised exchange controller under the SFO. It owns and operates the only stock exchange and a futures exchange in Hong Kong and their related clearing houses, HKSCC, SEOH and HKCC.

The profit attributable to shareholders of HKEX for the year ended 31 December 2012 was approximately HK\$4,084,000,000. As at 31 December 2012, the net asset value of HKEX was approximately HK\$17,764,000,000.

During the year, the Company did not receive any dividends from HKEX.

Notes to the Financial Statements

For the year ended 31 March 2013

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

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

China Communications Construction Co. Limited (“China Comm Cons”)

China Comm Cons is primarily engaged in infrastructure construction, infrastructure design, dredging, manufacturing of heavy machinery and other businesses.

The profit attributable to shareholders of China Comm Cons for the year ended 31 December 2012 was approximately HK\$15,030,000,000. As at 31 December 2012, the net asset value of China Comm Cons was approximately HK\$118,237,000,000.

During the year, the Company did not receive any dividends from China Comm Cons.

iShares FTSE/Xinhua A50 China Index ETF (“Xinhua A50”)

Xinhua A50 is primarily invest in access products linked to the Chinese A-Share market.

The profit attributable to unitholders of Xinhua A50 for the year ended 31 December 2012 was approximately HK\$6,073,000,000. As at 31 December 2012, the net asset value of Xinhua A50 was approximately HK\$58,851,000,000.

During the year, the Company received cash dividends of HK\$15,139 from Xinhua A50.

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 profit attributable to shareholders of Yanzhou Coal for the year ended 31 December 2012 was approximately HK\$7,643,000,000. As at 31 December 2012, the net asset value of Yanzhou Coal was approximately HK\$60,243,000,000.

During the year, the Company did not receive any dividends from Yanzhou Coal.

Notes to the Financial Statements

For the year ended 31 March 2013

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

(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 (%)	Cost HK\$'000	Market value HK\$'000	Unrealised gain/(loss) arising on revaluation HK\$'000
Apple Inc.	United States of America	50	Less than 0.1%	279	167	(112)

The Company has not held any equity securities listed in United States as at 31 March 2012.

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

Apple Inc. (“Apple”)

Apple is primarily engaged in designs, manufactures, and markets mobile communication and media devices, personal computing products, and portable digital music players worldwide.

The profit attributable to shareholders of Apple for the year ended 28 September 2012 was approximately HK\$309,426,000,000. As at 28 September 2012, the net asset value of Apple was approximately HK\$922,038,000.

During the year, the Company received cash dividends of HK\$3,317 from Apple.

12. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2013 HK\$'000	2012 HK\$'000
Deposits and other receivables	195	1,010
Prepayments	185	187
	380	1,197

The carrying amounts of deposits and other receivables approximate their fair values as at 31 March 2013 and 2012. 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.

Notes to the Financial Statements

For the year ended 31 March 2013

13. CASH AND CASH EQUIVALENTS

	2013 HK\$'000	2012 HK\$'000
Cash and bank balances	1,570	308
Short-term bank deposits	–	1,976
	1,570	2,284

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

	2013 HK\$'000	2012 HK\$'000
Hong Kong dollars	47	2,038
United States dollars	1,523	246
	1,570	2,284

14. OTHER PAYABLES AND ACCRUALS

	2013 HK\$'000	2012 HK\$'000
Other payables and accruals	184	171

The carrying amounts of other payables and accruals approximate their fair values as at 31 March 2013 and 2012 and are denominated in Hong Kong dollars.

15. SHARE CAPITAL

	2013 HK\$'000	2012 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

Notes to the Financial Statements

For the year ended 31 March 2013

16. RESERVES

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2011	37,786	(297)	37,489
Total comprehensive loss			
Net loss for the year	–	(1,648)	(1,648)
At 31 March 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

(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.

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 2013 and 31 March 2012.

Notes to the Financial Statements

For the year ended 31 March 2013

18. OPERATING LEASE COMMITMENT

At 31 March, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:–

	2013 HK\$'000	2012 HK\$'000
Not later than one year	664	664

19. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$50,832,000 at 31 March 2013 (2012: HK\$53,121,000) and the 172,800,000 ordinary shares in issue as at 31 March 2013 (2012: 172,800,000 ordinary shares).

20. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2013 (2012: Nil).

21. LOSS PER SHARE

The calculation of loss per share is based on the net loss attributable to the shareholders for the year ended 31 March 2013 of HK\$2,289,000 (2012: net loss of HK\$1,648,000) and the weighted average of 172,800,000 ordinary shares in issue during the year ended 31 March 2013 (2012: weighted average of 172,800,000 ordinary shares in issue). The Company has no potential dilutive ordinary shares that were outstanding during the year.

22. RELATED PARTY TRANSACTIONS

During the year, saved for those parties referred to the connected transactions in the report of the directors and disclosed elsewhere in notes to the financial statement, the Company traded listed securities through a securities account maintained with a related company, GIS, in which the director, Dr. Lee Woo Sing has beneficial interests. The Company also paid rental expenses to a related company, Moral Rich Corporation Limited ("MRC"), in which the director, Dr. Lee Woo Sing, has beneficial interests. Dr. Lee Woo Sing resigned as a director of MRC on 21 January 2013.

Details of related party transactions as below:

	2013 HK\$'000	2012 HK\$'000
Investment manager fee paid to a related company	288	288
Rental expenses paid to a related company	678	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. During the year, the aggregate monetary amounts transacted under the transactions did not exceed the de-minimis threshold under Rule 14A.33 of the Listing Rules. As such, the transactions were exempted from the disclosure and the shareholders' approval requirements under Chapter 14A of the Listing Rules.



Notes to the Financial Statements

For the year ended 31 March 2013

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 2013

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 2013

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 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 2013

24. FINANCIAL INSTRUMENTS BY CATEGORY

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 assets as at 31 March 2012

	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	3,733	-	-	3,733
Deposits and other receivables	-	1,010	-	1,010
Cash and cash equivalents	-	2,284	-	2,284
	3,733	3,294	46,078	53,105

Financial liabilities as at 31 March 2013

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

Financial liabilities as at 31 March 2012

	Financial liabilities at amortised cost HK\$'000
Other payables and accruals	171



Notes to the Financial Statements

For the year ended 31 March 2013

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. The directors of the Company are of the opinion that the Company has minimal exposure to foreign currency exchange rate risk. Accordingly, no sensitivity analysis is performed.

(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 2013

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.

	2013 HK\$'000	2012 HK\$'000
Less than one year		
– Other payables and accruals	184	171

(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 2013. 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 2013	High/low 2013	31 March 2012	High/low 2012
Hong Kong – Hang Seng Index	22,299	23,822/ 18,186	20,556	24,469/ 16,170

Notes to the Financial Statements

For the year ended 31 March 2013

25. FINANCIAL RISKS MANAGEMENT *(continued)*

(v) Equity price risk *(continued)*

The following table demonstrates the sensitivity to every 15% (2012: 5%) 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 2013.

	Carrying amount of equity investments HK\$'000	Increase/ decrease in equity in equity HK\$'000
2013		
Investments listed in:		
Hong Kong – Investments at fair value through profit or loss	2,988	437
2012		
Investments listed in:		
Hong Kong – Investments at fair value through profit or loss	3,733	187

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 following table presents the carrying amounts of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Notes to the Financial Statements

For the year ended 31 March 2013

26. FAIR VALUE ESTIMATION *(continued)*

- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

		Level 1	Level 2	Level 3	Total
	<i>Notes</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investments at fair value through profit or loss	11	2,988	–	–	2,988

During the year, the Company did not have any level 2 or level 3 financial instruments (2012: Nil).

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 18 June 2013.

Financial Summary

For the year ended 31 March 2013

	2013 HK'000	2012 HK'000	2011 HK'000	2010 HK'000	2009 HK'000
RESULTS					
Gain/(Loss) on investments	1,003	250	44	6,133	(15,703)
(Loss)/Profit before taxation	(2,289)	(1,648)	(1,182)	2,380	(18,821)
Taxation	-	-	-	1,378	25
(Loss)/Profit attributable to equity holders of the Company	(2,289)	(1,648)	(1,182)	3,758	(18,796)
ASSETS AND LIABILITIES					
Total assets	51,016	53,292	54,967	58,347	54,079
Total liabilities	(184)	(171)	(198)	(2,396)	(158)
Equity attributable to equity holders of the Company	50,832	53,121	54,769	55,951	53,921
NET ASSET VALUE PER SHARE	HK\$0.29	HK\$0.31	HK\$0.32	HK\$0.32	HK\$0.31