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大唐投資國際有限公司*

GRAND INVESTMENT INTERNATIONAL LTD.

(incorporated in Bermuda with limited liability)

(Stock Code: 1160)

CONTINUING CONNECTED TRANSACTIONS – CHANGE OF INVESTMENT MANAGER

On 29 June 2018 (after trading hours), the Company has entered into the New Investment Management Agreement with the New Investment Manager, pursuant to which the New Investment Manager has agreed to provide non-discretionary investment management services to the Company for a period of three years from 1 July 2018.

The New Investment Manager is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules when the New Investment Management Agreement becomes effective. Accordingly, the provision of non-discretionary investment management services by the New Investment Manager to the Company under the New Investment Management Agreement constitutes continuing connected transactions of the Company.

The maximum aggregate fee payable by the Company to the New Investment Manager under the New Investment Management Agreement will not exceed HK\$800,000 per annum. As the relevant percentage ratios for the transactions contemplated under the New Investment Management Agreement on an annual basis are less than 25%, and that each of the Annual Caps is less than HK\$10,000,000, the transactions contemplated under the New Investment Management Agreement are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS – CHANGE OF INVESTMENT MANAGER

Pursuant to the Existing Investment Management Agreement the Company appointed Grand Investment (Securities) Limited as the Company's investment manager to provide the Company with investment management services for a term of one year, commencing on 1 December 2016 subject to renewal, at the investment management fee of HK\$345,000 per annum and upon expiry of the term of the Existing Investment Management Agreement it was renewed on a monthly basis terminatable on one month's notice by either party. The Company intends to appoint the New Investment Manager as its new investment manager and on 29 June 2018 (after trading hours), the Company has entered into the New Investment Management Agreement with the New Investment Manager, pursuant to which the New Investment Manager has agreed to provide non-discretionary investment management services to the Company for a period of three years from 1 July 2018.

THE NEW INVESTMENT MANAGEMENT AGREEMENT

Date 29 June 2018

Parties The Company and the New Investment Manager

Duration and termination

Pursuant to the New Investment Management Agreement, the New Investment Manager will be appointed by the Company as the investment manager of the Company to provide non-discretionary investment management services for a period of three years commencing from 1 July 2018, unless terminated earlier by either party by giving not less than three months' prior notice in writing to the other party.

Services to be provided

The New Investment Manager will provide non-discretionary investment management services to the Company under the New Investment Management Agreement including:

- (i) to consider and evaluate potential investments (including project proposals from its own sources or brought to its attention by other third parties) upon request; to render investment advice to the Board based upon such information as may reasonably be available to it, and to make recommendations to the Board regarding potential investments and divestments by the Company identified by the New Investment Manager or the Board upon request;
- (ii) provide to the Board with such information as may reasonably be available to it to acquire or to divest investments of which the New Investment Manager becomes aware and which in the opinion of the New Investment Manager are or may be suitable for the Company;
- (iii) provide the Board, the auditors and the company secretary of the Company or such other persons as authorised by the Board from time to time with such information as may be in the possession or under control of the New Investment Manager as may reasonably be required for keeping of accounts, books, records and statements pursuant to the applicable law and regulations;

- (iv) execute investment and divestment decisions of the Company in accordance with the instructions of the Board and the terms of the New Investment Management Agreement;
- (v) act from time to time in accordance with all reasonable instructions given and authorities delegated to it by the Board and the Company, and keep the Board fully informed in exercising its powers and performing its duties hereunder;
- (vi) assist the Board, where necessary in calculating or reviewing the net asset value in accordance with any valuation method adopted by the Board as at each valuation date in accordance with the requirements under the Listing Rules and the Bye-laws of the Company; and
- (vii) advise the Board on all matters relating to the Company's listing status and regulations in relation to the Listing Rules and corporate governance.

Management fees, relating expenses and annual cap amount

The following table sets out the Annual Caps for the fees payable to the New Investment Manager under the New Investment Management Agreement:

	Year ending 31 March		
	2019	2020	2021
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Annual Caps of management fees	800	800	800

REASONS FOR, AND BENEFITS OF THE ENTERING INTO OF THE NEW INVESTMENT MANAGEMENT AGREEMENT

There will be no performance fee payable to the New Investment Manager under the New Investment Management Agreement. The New Investment Manager also has extensive investment management experience in Hong Kong in relation to investment companies listed under Chapter 21 of the Listing Rules and has strong business connections in the PRC. The New Investment Manager has the competitive advantage to act as the investment manager of the Company and to make available investment opportunities and research on underlying investments in listed and unlisted equities in Hong Kong and the PRC as required by the Company's investment objective and is capable of providing professional investment services to the Company. The Directors consider that the appointment of the New Investment Manager will be beneficial to the Company and its Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

The New Investment Manager is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules when the New Investment Management Agreement becomes effective. Accordingly, the provision of non-discretionary investment management services by the New Investment Manager to the Company under the New Investment Management Agreement constitutes continuing connected transactions of the Company.

The maximum aggregate fee payable by the Company to the New Investment Manager under the New Investment Management Agreement will not exceed HK\$800,000 per annum. As the relevant percentage ratios for the transactions contemplated under the New Investment Management Agreement on an annual basis are less than 25%, and that each of the Annual Caps is less than HK\$10,000,000, the transactions contemplated under the New Investment Management Agreement are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that:

- (a) the terms and conditions of the New Investment Management Agreement are negotiated on an arm's length basis and are on normal commercial terms that are fair and reasonable;
- (b) the Annual Caps are fair and reasonable; and
- (c) the transactions contemplated under the New Investment Management Agreement are in the ordinary and usual course of business of the Company and in the interest of the Company and the Shareholders as a whole.

As at the date of this announcement, the New Investment Manager is owned by Procenture Management Corporation which is an independent third party not connected with any of the Directors, the chief executives and the substantial Shareholders of the Company or any of their respective associates.

INFORMATION OF THE COMPANY AND THE NEW INVESTMENT MANAGER

The Company

The Company is an investment company listed under Chapter 21 of the Listing Rules. The principal investment objective of the Company is to achieve earnings in the form of short to medium term capital appreciation through investing in a diversified portfolio of investments in listed or unlisted enterprises incorporated or established and/or conducting business in Hong Kong and the PRC.

The New Investment Manager

The New Investment Manager is a company incorporated in Hong Kong with limited liability under the Companies Ordinance on 17 April 1998, is a licensed corporation to carry out Type 9 (asset management) regulated activities under the SFO. The New Investment Manager is experienced in managing third party funds for more than a decade, including investment companies listed on Main Board of the Stock Exchange under Chapter 21 of the Listing Rules since April 2000. The New Investment Manager is an independent third party not connected with any of the Directors, the chief executives and the substantial Shareholders of the Company or any of their respective associates.

With around-two-decade operations in investment management, the extensive investment knowledge and experience of responsible persons covering a variety of financial market tools and conditions, the New Investment Manager is capable to act as the investment manager of the Company to cater for investment opportunities and research on underlying investments in listed and unlisted equities in Hong Kong and in the PRC as required by the Company's investment objectives.

The background and experience of the director of the New Investment Manager are as follows:

Mr. Chou Ping-chun Benji

Mr. Chou obtained a master's degree in business administration from Anderson Graduate School of Management at University of California Los Angeles, USA in 1991. He is a licensed person for Type 9 regulated activity of asset management under the SFO. He has been a director of the New Investment Manager from January 1999 to present and is responsible for identifying target companies for investments, negotiating appropriate terms and conditions, performing valuation and execution, monitoring the investments and providing investment and disposition recommendations. He has approximately twenty years' experience in investment management from 1995 to present.

Investment decision making process

The investment process of the New Investment Manager is as follow:

- (i) identifying, reviewing and evaluating investment and divestment opportunities for the Company and negotiating the best terms of such investment and divestment for the Company whenever the Investment Committee shall require;

- (ii) considering and evaluating potential investments and rendering investment advice to the Investment Committee based upon such information as may reasonably be available to it and, in particular, assisting the Board in structuring acquisitions and disposals, submitting investment and divestment proposals to the Investment Committee upon request and making recommendations to the Investment Committee regarding potential investments and divestments for the Company identified by the New Investment Manager or the Investment Committee, and analyzing investment opportunities of the Company identified by the Investment Committee whenever the Investment Committee shall require;
- (iii) carrying out reviews of the investment portfolio of the Company and its subsidiaries (if any) whenever the Board shall require and on a regular basis and reporting its analysis of the investment portfolio of the Company and its subsidiaries (if any) after such review; and
- (iv) deciding all the investments including the related holding period and target price upon request and they will need to be considered and approved by the Investment Committee. The Investment Committee may consider factors including, but not limited to, the related price/earning ratio, price-to-book ratio, liquidity, catalysts, EBITA, profit forecast and cashflow forecast. Once the investment recommendations have been approved by the Investment Committee, the Company will proceed with the investments and execute the trades.

The main duties of the Director of the New Investment Manager are as follow:

Mr. Chou's main duties would be formulating company policies, supervising fund management operations, identifying target companies for investments and coordinating portfolio management and investor communication tasks.

The investment process of the Company is as follow: the Investment Committee consisting of the Executive Directors of the Company has been formed to consider and approve the investment recommendations presented to the Company. The New Investment Manager will present the investment recommendations to the Investment Committee on a needed basis and the Board will also consider other sources of investment opportunities. The Investment Committee will then hold meetings on an as-needed basis to consider these investment recommendations and opportunities. All the investments including the related holding period and target price will need to be considered and approved by the Investment Committee. The Investment Committee will consider factors including, but not limited to, the related price/earning ratio, price-to-book ratio, liquidity, catalysts, EBITA, profit forecast and cashflow forecast. Once the potential investment has been approved by the Investment Committee, the Company will proceed with the investments and execute the trades.

Potential conflicts of interest and allocation of time and attention

It is possible that the New Investment Manager may, in the course of its business, have potential conflicts of interest with the Company. For instance, the New Investment Manager, its associates or their respective directors may act as underwriters for securities sold to the Company and/or its subsidiaries or provide investment management and/or advisory services to other clients (including other funds). The New Investment Manager, its associates or any director or chief executive of the New Investment Manager or their respective associates shall be free to render services similar to those which they are providing to the Company to other clients (including other funds) so long as the New Investment Manager's services to the Company are not thereby impaired in the opinion of the Board. The New Investment Manager, its associates or any director or chief executive of the New Investment Manager or their respective associates may receive fees, commission, brokerage and other charges in relation to the sale or purchase of any investment by the Company and/or its subsidiaries (if any). In addition, the New Investment Manager, its associates or their respective directors may act as underwriter for securities sold to the Company or provide investment management and/or advisory services to other clients (including other funds).

The New Investment Manager reserves the right for itself and/or its associates to co-invest on their own with the Company or for other funds and/or clients with the Company, although any such co-investment must be made on terms no better than those in which the Company is investing, and may also make investments in companies in which the Company has previously invested. The New Investment Manager shall, in any event, disclose to the Company any transaction involving investments in which the Company has invested or may reasonably be expected to invest, before the New Investment Manager enters into such transactions on its own account or on behalf of any third party by giving a notice to the Board and such information shall also be disclosed in its routine monthly report of analysis of the Company's investment portfolio, provided always that the New Investment Manager shall not be required to disclose information about its other clients, which is subject to client confidentiality.

Conflicts may also arise in the allocation of resources and attention by the New Investment Manager between the Company and other funds managed or advised by and/or other clients of the New Investment Manager. Conflicts may also arise in the allocation of investment opportunities identified by the New Investment Manager between the Company and other funds managed or advised by and/or clients of the New Investment Manager.

The New Investment Manager shall devote such time and effort to the Company's business as is necessary to promote the interests of the Company. If conflicts in relation to investment opportunities do arise between the Company and other funds managed or advised by and/or clients of the New Investment Manager, the New Investment Manager will allocate such investment opportunities on a reasonable and equitable basis, after considering factors such as (1) the total amount available for investment by the Company and by such other funds and/or clients and their existing interests in the proposed investment; (2) the nature and size of the investment; (3) the investment restrictions of the Company and such other funds or clients; and (4) the risk portfolio and required rate of return on the investment. The New Investment Manager has undertaken with the Company that, so long as it remains as the investment manager of the Company, it will disclose to the Company, before entering into any transaction, any potential conflict of interests involving the Company of which it is aware or which has been brought to its attention.

In view of the fact that the New Investment Manager may in the future act as investment manager of other funds, the New Investment Manager has undertaken with the Company that it shall use its reasonable endeavours to take all necessary steps to resolve any potential conflicts of interest in allocating investment opportunities between the Company and any other funds which the New Investment Manager may act as investment manager in the future (the "Funds"). The steps include:

- (1) All suitable investment opportunities screened and identified by the New Investment Manager shall be presented to both the Board and the board of directors or managing bodies of the Funds in a timely and equitable manner to the extent such investments fall within the investment objectives and policies of the Company or the Funds; and
- (2) If the Company and any of the Funds intend to participate in the same investment presented as aforesaid, and the total amount of intended investment offered by both the Company and the relevant Funds exceeds the available investment size of the opportunities, the New Investment Manager shall exercise its independent and professional judgement and allocate the opportunities to the Company and the relevant Funds on a pro-rata basis depending on the respective fund size by reference to their respective latest published consolidated net asset values at the material time, and/or on such other reasonable and equitable basis as the New Investment Manager may consider appropriate in the circumstances.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set out below:

"Annual Cap(s)"	the proposed maximum aggregate amount of the fees payable to the New Investment Manager per annum under the New Investment Management Agreement, being HK\$800,000 per annum for the three years ending 31 March 2019, 2020 and 2021
"associate(s)"	has the meaning ascribed to it in the Listing Rules

“Board”	the board of Directors of the Company
“Company”	Grand Investment International Ltd., an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the mainboard of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive director(s) of the Company
“Existing Investment Management Agreement”	the investment management agreement entered into between the Company and Evergrande Securities (Hong Kong) Limited (“Evergrande”), formerly known as Grand Investment (Securities) Limited on 3 November 2016, pursuant to which the Company has re-appointed Evergrande as the investment manager to provide investment management services for a period of one year commencing on 1 December 2016
“HK\$” or “HK Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Non-executive Director(s)”	the independent non-executive director(s) of the Company
“Investment Committee”	the investment committee of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Investment Management Agreement”	the investment management agreement entered into between the Company and the New Investment Manager on 29 June 2018 in relation to the provision of non-discretionary investment management services by the New Investment Manager to the Company for a period of three years commencing from 1 July 2018

“New Investment Manager”	Avanta Investment Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation licensed to carry on Type 9 (asset management) regulated activities under the SFO
“PRC”	The People’s Republic of China
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Grand Investment International Ltd.
He Luling
Chairman

Hong Kong, 29 June 2018

As at the date of this announcement, the Board comprises Ms. Lee Wai Tsang, Rosa as executive Director; Mr. He Luling (Chairman) as non-executive Director, and Ms. Ma Yin Fan, Ms. Yan Yan and Mr. Xu Yanfa as independent non-executive Directors.

* *For identification purposes only*