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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)**

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

The board (the “**Board**”) of directors (the “**Directors**”) of Grand Investment International Ltd. (the “**Company**”) is pleased to announce the unaudited interim results of the Company for the six months ended 30 September 2014 (the “**Period**”) together with the comparative figures for the corresponding period in 2013.

These interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee and independent auditors.

\* *For identification purposes only*

## CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 September 2014*

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

## CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 September 2014*

## 1. GENERAL INFORMATION

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

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is Unit A301, 32/F., United Centre, 95 Queensway, Hong Kong.

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

## 2. BASIS OF PREPARATION

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

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

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

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

## 3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

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

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

#### 4. CHANGES IN ACCOUNTING POLICIES

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

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

##### ***Amendments to HKAS 32 “Offsetting financial assets and financial liabilities”***

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

##### ***Amendments to HKAS 36 “Recoverable amount disclosures for non-financial assets”***

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

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

Up to the date of issue of these financial statements, the HKICPA has issued a number of new standards, amendments to standards and interpretations which are effective for periods beginning after 1 April 2014, and which have not been early adopted in preparing these financial statements. These include the followings which may be relevant to the Company.

##### **Effective for accounting periods beginning on or after**

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

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

## 5. REVENUES

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

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

## 6. OTHER REVENUES

	<b>For the six months ended</b>	
	<b>30 September 2014 <i>HK\$'000</i> (Unaudited)</b>	<b>30 September 2013 <i>HK\$'000</i> (Unaudited)</b>
Interest income	<u>50</u>	<u>1</u>
	<u>50</u>	<u>1</u>

## 7. SEGMENT INFORMATION

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

## 8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

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

## 9. TAXATION

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

## 10. INTERIM DIVIDEND

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

## 11. LOSS PER SHARE

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

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

## 12. AVAILABLE FOR SALE INVESTMENTS

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

## 13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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



**14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

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

**15. CASH AND CASH EQUIVALENTS**

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

**16. OTHER PAYABLES AND ACCRUALS**

	<b>30 September 2014 <i>HK\$'000</i> (Unaudited)</b>	31 March 2014 <i>HK\$'000</i> (Audited)
Accrued expenses	<u>125</u>	<u>149</u>

## 17. SHARE CAPITAL

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

## 18. RELATED PARTY TRANSACTIONS

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

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

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

## 19. COMMITMENTS

### *Operating lease commitments*

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

	<b>30 September 2014 <i>HK\$'000</i> (Unaudited)</b>	31 March 2014 <i>HK\$'000</i> (Audited)
Not later than one year	<b>50</b>	236
In second to fifth year inclusive	—	—
	<b><u>50</u></b>	<b><u>236</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW AND PROSPECTS

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

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

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

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

Beyond Hong Kong and China, the European Central Bank (ECB) announced rates cut in early September followed by asset purchase of European sovereign bonds and asset backed securities. However, these actions failed to support the European equities in the near term. Positive impact may take up to 12 months to be seen. Meanwhile, the Bank of Japan (BOJ) surprised the market in early November with another round of quantitative easing (QE). The BOJ plans to aggressively buy stock and property funds, extend the average maturity of its bondholding to 10 years from three, and raise the ceiling of its annual Japanese government bond purchases by 30 trillion yen to 80 trillion yen. The Japanese equities market had rallied and the Japanese Yen devalued substantially as a result. As for the US, the equities had

remained stable as most earnings delivered slightly better than expected results. With the ending of QE3, the US economy will rely on domestic consumption to support further growth. The rate increase prospect for the US in the near term is unlikely.

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

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

## **CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES**

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

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

## **CAPITAL EXPENDITURES**

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

## **COMMITMENTS**

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

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

## **CAPITAL STRUCTURE**

As at 30 September 2014, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000 (31 March 2014: 172,800,000).

## **INTERIM DIVIDEND**

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

## **PURCHASE, SALE OR REDEMPTION**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

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

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

## **FOREIGN CURRENCY EXPOSURE**

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

## **CORPORATE GOVERNANCE**

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **AUDIT COMMITTEE**

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

## **PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE COMPANY AND OF THE STOCK EXCHANGE**

This interim results announcement is published on the websites of the Stock Exchange and the Company. The interim report for the Period containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

By order of the Board  
**Grand Investment International Ltd.**  
**Lee Wai Tsang, Rosa**  
*Chairman*

Hong Kong, 20 November 2014

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