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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)**

## **RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012**

The Board (the “Board”) of Directors (the “Directors”) of Grand Investment International Ltd. (the “Company”) is pleased to announce that the audited results of the Company for the year ended 31 March 2012 (the “Year”) together with the comparative figures for the year ended 31 March 2011 are as follows:

### **STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2012*

	<i>NOTE</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
GAIN ON INVESTMENTS	2	<b>250</b>	44
OTHER REVENUES	2	<b>1,226</b>	2,394
ADMINISTRATIVE EXPENSES		<u><b>(3,124)</b></u>	<u>(3,620)</u>
LOSS BEFORE TAXATION	3	<b>(1,648)</b>	(1,182)
TAXATION	4(a)	<u>—</u>	<u>—</u>
LOSS FOR THE YEAR		<b>(1,648)</b>	(1,182)
OTHER COMPREHENSIVE INCOME		<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><b>(1,648)</b></u>	<u>(1,182)</u>
DIVIDENDS	5	—	—
LOSS PER SHARE	6		
Basic:			
For loss for the year		<u><b>(HK\$0.01)</b></u>	<u>(HK\$0.01)</u>
Diluted:			
For loss for the year		<u><b>N/A</b></u>	<u>N/A</u>

\* *For identification purposes only*

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
NON-CURRENT ASSETS		
Available-for-sale investments	46,078	42,177
CURRENT ASSETS		
Investments at fair value through profit or loss	3,733	7,454
Deposits, other receivables and prepayments	1,197	354
Cash and cash equivalents	2,284	4,982
TOTAL CURRENT ASSETS	7,214	12,790
CURRENT LIABILITIES		
Other payables and accruals	171	198
TOTAL CURRENT LIABILITIES	171	198
NET CURRENT ASSETS	7,043	12,592
NET ASSETS	53,121	54,769
EQUITY		
Share capital	17,280	17,280
Reserves	35,841	37,489
TOTAL EQUITY	53,121	54,769
NET ASSET VALUE PER SHARE	HK\$0.31	HK\$0.32

## NOTES:

### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The results set out in this announcement do not constitute the Company's statutory financial statements for the year ended 31 March 2012 but are extracted from those financial statements.

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 ("HKASs"), and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities ("the Listing Rules") on The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance.

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

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

#### (a) Amendments and interpretations to existing standards effective for the Company's annual financial year beginning on 1 April 2011 and relevant to the Company

Revised HKAS 24 (revised), "Related party disclosures", issued in November 2009. It supersedes HKAS 24, "Related party disclosures", issued in 2003. HKAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. This revised standard clarifies and simplifies the definition of a related party. HKAS 24 requires the Company and the parent to disclose any transactions between its subsidiaries and its associates. The adoption of this standard will not have material impact to the Company's financial statements.

The "Improvements to HKFRSs (2010)" comprises a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. The impact of these amendments is not considered to be material to the Company and have not resulted in changes to the Company's accounting policies.

#### (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 January 2012, and which have not been adopted in preparing these financial statements. These include the following which may be relevant to the Company.

	<b>Effective for accounting periods beginning on or after</b>
HKAS 12 (Amendments), "Income taxes"	1 January 2012
HKFRS 9 "Financial instruments"	1 January 2013
HKFRS 12 "Disclosures of interests in other entities"	1 January 2013
HKFRS 13 "Fair value measurement"	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.

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 no later than the accounting period beginning on or after 1 January 2013.

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 no later than the accounting period beginning on or after 1 January 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 HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, 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 HKFRSs or US GAAP. The Company has yet to assess HKFRS 13's full impact and intends to adopt HKFRS 13 no later than the accounting period beginning on or after 1 January 2013.

Except for those as stated below and other presentational changes, the adoption of these new/revised HKFRS is not expected to have significant impact on the results and the financial position of the Company:

- (i) HKFRS 9 may have an effect on the classification and the treatment of fair value changes of existing financial assets; and
- (ii) HKFRS 13 may have an effect on the measurement of fair values of the Company's financial instruments.

## 2. GAIN ON INVESTMENTS AND OTHER REVENUES

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
GAIN ON INVESTMENTS		
Net unrealised loss on investments at fair value through profit or loss	(1,253)	(915)
Net realised gain on disposal on investments at fair value through profit or loss	280	701
Dividend income	1,196	204
Interest income from bond	27	54
	<u>250</u>	<u>44</u>
OTHER REVENUES		
Sundry income	4	—
Distribution income from unlisted partnership	1,222	2,394
	<u>1,226</u>	<u>2,394</u>
Total gain on investments and other revenues	<u>1,476</u>	<u>2,438</u>

During the year, since all the Company's investment activities were carried out in Hong Kong, no analysis of the Company's revenue and contribution to operating profit for the year set out by principal activities and geographical market is provided.

## 3. LOSS BEFORE TAXATION

The loss before taxation is arrived at after charging/(crediting):

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Auditors' remuneration		
— Current year	160	160
Investment manager fee	288	322
Exchange gain, net	(1)	—
Operating lease payments	678	1,100
Staff costs (excluding directors' emoluments)	246	166
	<u>246</u>	<u>166</u>

#### 4. 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 during the year (2011: Nil).
- (b) As at 31 March 2012, the Company had an unrecognised deferred tax asset of approximately HK\$2,866,000 (2011: HK\$2,548,000) which mainly represents the full tax effect of timing differences arising from accumulative tax losses carried forward. This asset has not been recognised in the financial statements as, in the opinion of directors, it is not probable to determine that this 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:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss before taxation	<u>(1,648)</u>	<u>(1,182)</u>
Tax at the applicable rate of 16.5% (2011: 16.5%)	(272)	(195)
Tax effect of the tax loss not recognised	317	238
Tax effect of non-taxable income	<u>(45)</u>	<u>(43)</u>
Total income tax	<u>—</u>	<u>—</u>

#### 5. DIVIDENDS

The directors of the Company (“Directors”) do not recommend the payment of a dividend for the year ended 31 March 2012 (2011: Nil).

#### 6. 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 2012 of HK\$1,648,000 (2011: a net loss of HK\$1,182,000) and the weighted average of 172,800,000 ordinary shares in issue during the year ended 31 March 2012 (2011: weighted average of 172,800,000 ordinary shares in issue). The Company has no potential dilutive ordinary shares that were outstanding during the year.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OPERATING RESULTS**

The Euro debt crisis along with mild US recovery and slower growth in China has attributed to the overall negative economic outlook. It has made our portfolio companies exit much more challenging which resulted in lower revenue in the Year. During the year ended 31 March 2012 (“Year”), the Company recorded a loss of approximately HK\$1,648,000 (2011: a loss of HK\$1,182,000). For the year ended 31 March 2012, the Company recorded approximately HK\$250,000 (2011: HK\$44,000) in turnover, comprising realized gain of approximately HK\$280,000 (2011: HK\$701,000) and net unrealized loss of the listed securities and investments portfolio of approximately HK\$1,253,000 (2011: HK\$915,000) and recorded a distribution income from unlisted partnership of approximately HK\$1,222,000 (2011: HK\$2,394,000) in other revenues.

### **PROSPECTS**

The economic condition of China plays a vital role in Hong Kong, its market and economy. While the fear of China hard landing has reduced, global investors remain sensitive to any negative news from Europe and signs of economic slowdown in China. China’s GDP growth during the first quarter of 2012 has dropped to 8.1% compared with a year ago, down markedly from 8.9% in the fourth quarter of 2011. New-loan amounts in April and May 2012 were down to RMB681 billion and RMB750 billion respectively, comparing with RMB1.01 trillion in March 2012, indicating a possibility that China will loosen monetary policy to combat further slow down. Trading volume in Hong Kong equities had shrunk dramatically since the beginning of 2012, the gains of 15.86% on A shares and 17.6% on Hang Seng Index had since been reduced to 9% and -1.3% respectively as of 1 June.

While China reiterated support for the economy, it announced that it would not implement a stimulus package closed to the amount of RMB4 trillion as it had during the 2008 financial crisis. Having said that, recent data indicated that Chinese consumption contributed 76% to the first-quarter growth, up from 52% in 2011, and an average of 42% in the last decade. The contribution of investment is also decreased down to 33% from 54% in 2011, which shows that the government attempts to be less reliant on investment and allows domestic consumption to play a greater role in supporting the economy. Even resuming investment on infrastructure, railway and low income housing, China is gradually shifting to a more sustainable growth model. While the uncertainty global economic outlook has made our role more challenging, we are doing our best to manage our existing portfolio companies to find appropriate exits and returns. Last but not least, our objective is to seek a balance of risk and return on behalf of our shareholders.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As of 31 March 2012, the Company had bank balances of approximately HK\$2,284,000 (2011: HK\$4,982,000).

The Board concludes that the Company has sufficient financial resources to satisfy its immediate investment and working capital requirements. There was no long term borrowing and calculation of gearing ratio was not applicable (2011: N/A).

The Company had net assets of approximately HK\$53,121,000 (2011: HK\$54,769,000).

## **CAPITAL EXPENDITURES AND COMMITMENTS**

The Company did not have any capital commitments as at 31 March 2012 (2011: capital commitment of HK\$3,906,000 in respect of capital contribution to a limited partnership).

## **CAPITAL STRUCTURE**

As at 31 March 2012, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000.

## **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.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2012, the Company had 7 employees (2011: 7), including the executive, non-executive and independent non-executive Directors and staff. Total staff cost for the Year was HK\$1,053,000 (2011: HK\$949,000). 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.

## **DIVIDENDS**

The Directors do not recommend the payment of a dividend for the year ended 31 March 2012 (2011: Nil).

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on 30 July 2012.

## **CORPORATE GOVERNANCE**

During the Year, the Company has complied with all the applicable code provisions ("Code Provision") set out in the then Code on Corporate Governance Practices ("CG Code") in Appendix 14 to the Listing Rules except for the deviations from Code Provisions A.1.1, A.2.1 and A.4.1 which are explained below:

Code Provision A.1.1 stipulates that the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the Year, only two meetings were held by the Board. Given that the Company is an investment company in nature, the majority of its business would invariably involve identifying, reviewing and evaluating investment and divestment opportunities with the assistance and advice of the investment manager of the Company in accordance with the investment objective and policies formulated by the Company and timing is crucial in the execution of investment and divestment decisions. The Board considered it appropriate to delegate the responsibility to the investment committee formed by the Board to assist the Board in coordinating and



overseeing the Company's investment portfolio with the assistance of its investment manager. Frequent meetings were held by the investment committee of the Board during the Year. The status of investment portfolio was reported to the Board from time to time and each member of the Board is encouraged to communicate his/her views or participate in any meetings of the investment committee in person or through other electronic means of communication if he or she so wishes. The Board considers that this arrangement could improve operational efficiencies and is beneficial to the development of the business of the Company.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive Directors is appointed for specific term but is subject to retirement by rotation in accordance with the bye-laws of the Company at least once every three years. The reason for the deviation is that the Directors do not consider that an arbitrary term which limits the duration of the Director's service is appropriate and the current practice of retirement by rotation has given the Company's shareholders the right to assess the performance of the retiring Directors and the opportunity to approve the continuation of the service of those Directors. The Board will review this practice from time to time.

### **Audit Committee**

The Company has established with written terms of reference an audit committee ("Audit Committee") whose members are Mr. Lu Fan, Dr. Zhang Hongru and Dr. Zhou Yunxia, 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.

### **Remuneration Committee**

The Company has set up with written terms of reference a remuneration committee ("Remuneration Committee") whose members are Mr. Lu Fan, Dr. Zhang Hongru and Dr. Zhou Yunxia, 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 the performance and experience of each Director.

## **Model Code for Securities Transactions by Directors**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (“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.

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

All the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Grand Investment International Ltd.**  
**Lee Wai Tsang Rosa**  
*Executive Director*

Hong Kong, 22 June 2012

*As at the date of this announcement, the executive Directors are Ms. Lee Wai Tsang Rosa and Dr. Huang Zhijian. The non-executive Director is Mr. Lee Woo Sing. The independent non-executive Directors are Mr. Lu Fan, Dr. Zhang Hongru and Dr. Zhou Yunxia.*