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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 2014

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 2014 (the “Year”) together with the comparative figures for the year ended 31 March 2013 are as follows:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

| | NOTE | 2014 HK\$'000 | 2013 HK\$'000 |
|--|------|-------------------|-------------------|
| GAIN ON INVESTMENTS | 2 | 155 | 1,003 |
| OTHER REVENUES | 2 | 2,002 | 1 |
| IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS | | (2,349) | – |
| ADMINISTRATIVE EXPENSES | | <u>(3,684)</u> | <u>(3,293)</u> |
| LOSS BEFORE TAXATION | 3 | (3,876) | (2,289) |
| TAXATION | 4(a) | <u>–</u> | <u>–</u> |
| LOSS FOR THE YEAR | | (3,876) | (2,289) |
| OTHER COMPREHENSIVE INCOME | | – | – |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | <u>(3,876)</u> | <u>(2,289)</u> |
| DIVIDEND | 5 | <u>–</u> | <u>–</u> |
| LOSS PER SHARE | 6 | | |
| Basic: | | | |
| For loss for the year | | <u>(HK\$0.02)</u> | <u>(HK\$0.01)</u> |
| Diluted: | | | |
| For loss for the year | | <u>N/A</u> | <u>N/A</u> |

* For identification purposes only

STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| NON-CURRENT ASSETS | | |
| Available-for-sale investments | <u>43,729</u> | <u>46,078</u> |
| CURRENT ASSETS | | |
| Investments at fair value through profit or loss | 634 | 2,988 |
| Deposits, other receivables and prepayments | 454 | 380 |
| Cash and cash equivalents | <u>2,288</u> | <u>1,570</u> |
| TOTAL CURRENT ASSETS | <u>3,376</u> | <u>4,938</u> |
| CURRENT LIABILITIES | | |
| Other payables and accruals | <u>149</u> | <u>184</u> |
| TOTAL CURRENT LIABILITIES | <u>149</u> | <u>184</u> |
| NET CURRENT ASSETS | <u>3,227</u> | <u>4,754</u> |
| NET ASSETS | <u>46,956</u> | <u>50,832</u> |
| EQUITY | | |
| Share capital | 17,280 | 17,280 |
| Reserves | <u>29,676</u> | <u>33,552</u> |
| TOTAL EQUITY | <u>46,956</u> | <u>50,832</u> |
| NET ASSET VALUE PER SHARE | <u>HK\$0.27</u> | <u>HK\$0.29</u> |

NOTES:

1. 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 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 investments and investments at fair value through profit or loss are stated at fair value.

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.

(a) Amendments and interpretations to existing standards effective for the Company’s annual financial period beginning on 1 April 2013 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.

HKAS 1 (Revised) “Presentation of financial statements”

The Company has applied the amendments to HKAS 1 (Revised) “Presentation of financial statements” for the first time in the current period. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the “statement of comprehensive income” is renamed as the “statement of profit or loss and other comprehensive income”. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income sections: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income are required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net

of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKFRS 13 “Fair value measurement”

The Company has applied HKFRS 13 for the first time in the current period. HKFRS 13 established a single source of guidance for fair value measurements and disclosures about the fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instruments items for which other HKFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (eg. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. The application of HKFRS 13 has not had any material impact on the amounts recognised in the financial statements.

(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 2013, 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 9 “Financial instruments”

To be confirmed

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 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of HKFRS 9 in the future will affect the classification and measurement of the Company's available-for-sale equity investments that are currently stated at cost less impairment. At the date of issuance of these financial statements, the Directors are in the process of assessing the potential financial impact.

Except as described above, the Directors anticipate that the application of other new and revised HKFRSs issued but not yet effective will have no material impact on the Company's financial performance and the Company's financial positions for the future and/or on the disclosures set out in the financial statements of the Company.

2. GAIN ON INVESTMENTS AND OTHER REVENUES

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

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|----------------------------|----------------------------|
| GAIN ON INVESTMENTS | | |
| Net unrealised loss on investments at fair value through profit or loss | (233) | (474) |
| Net realised gain on disposal on investments at fair value through profit or loss | 100 | 353 |
| Dividend income | <u>288</u> | <u>1,124</u> |
| | ----- 155 | ----- 1,003 |
| OTHER REVENUES | | |
| Sundry income | 1 | 1 |
| Distribution income from unlisted partnership | <u>2,001</u> | <u>–</u> |
| | ----- 2,002 | ----- 1 |
| Total gain on investments and other revenues | <u><u>2,157</u></u> | <u><u>1,004</u></u> |

3. LOSS BEFORE TAXATION

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

| | 2014 | 2013 |
|---|--------------------------|--------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Auditors' remuneration | | |
| – Current year | 165 | 160 |
| Impairment losses on available-for-sale investments | 2,349 | – |
| Investment manager fee | 288 | 288 |
| Exchange loss/(gain), net | 9 | (5) |
| Legal and professional fee | 418 | 224 |
| Operating lease payments | 686 | 664 |
| Staff costs (excluding directors' emoluments) | | |
| – Salaries, bonus and allowances | 286 | 288 |
| – Mandatory provident fund contributions | 13 | 12 |
| | <u> </u> | <u> </u> |

There is no exceptional items identified for the years ended 31 March 2014 and 2013.

4. TAXATION

- (a) No provision for Hong Kong Profits Tax has been made in the financial statements as the Company has no assessable profits derived from its operation in Hong Kong during the year (2013: Nil).
- (b) No provision for overseas tax has been made in the financial statements, as the Company has no profit derived from overseas.
- (c) The Company had an unrecognised deferred tax asset as follows:

| | 2014 | 2013 |
|---------------------------------|------------------------|---------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Unrecognised deferred tax asset | <u>3,885</u> | <u>3,585</u> |

The deferred tax asset mainly represents the full tax effect of timing differences arising from cumulative 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.

(d) Reconciliation between tax expenses and accounting loss at applicable tax rate is as follows:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Loss before taxation | <u>(3,876)</u> | <u>(2,289)</u> |
| Tax at the applicable rate of 16.5% (2013: 16.5%) | (640) | (378) |
| Tax effect of non-taxable income | (48) | (185) |
| Tax effect of non-deductible expenses | 388 | – |
| Tax effect of tax loss not recognised | <u>300</u> | <u>563</u> |
| Total income tax | <u>–</u> | <u>–</u> |

5. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2014 (2013: Nil).

6. LOSS PER SHARE

The calculation of loss per share is based on the following information:

| | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|----------------------------------|---------------------------|
| Net loss attributable to shareholders | <u>3,876</u> | <u>2,289</u> |
| | As at 31/3/2014 | As at 31/3/2013 |
| Number of weighted average of ordinary shares in issue ('000) | <u>172,800</u> | <u>172,800</u> |

The Company has no potential dilutive ordinary shares that were outstanding during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

During the year ended 31 March 2014 (the “Year”), the Company recorded a loss of approximately HK\$3,876,000 (2013: a loss of HK\$2,289,000). For the year ended 31 March 2014, the Company recorded HK\$155,000 (2013: HK\$1,003,000) in turnover, comprising realised gain of approximately HK\$100,000 (2013: HK\$353,000) and net unrealised loss of the listed securities and investments portfolio of approximately HK\$233,000 (2013: HK\$474,000) and recorded a distribution income from limited partnership of HK\$2,001,000 (2013: NIL) in other revenues.

PROSPECTS

Looking forward, we will continue to seek return on our existing portfolio companies. Our mandate stipulates that the majority of our investment be in China and our investment objective has limited the portfolio exposure in other countries. China’s economic growth had been 7.7%, compare to 7.8% in 2012 and consumer price index had been 2.6%, compare to 2.5% in 2012. Despite steady industrial production, better corporate earnings and objective to reform, China A-shares market had year-over-year return of -9.09%. Due to our concentrated exposure in China and overall soft investing environment in the region, exits options had been limited. Return on direct investments are also subjected to market condition and demands. We are doing our best to manage existing portfolio to identify suitable exits and returns. We aim to create value for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2014, the Company had bank balances of approximately HK\$2,058,000 (2013: HK\$1,570,000).

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 (2013: N/A).

The Company had net assets of approximately HK\$46,956,000 (2013: HK\$50,832,000).

CAPITAL EXPENDITURES AND COMMITMENTS

The Company had no capital commitments as at 31 March 2014 (2013: N/A).

CAPITAL STRUCTURE

As at 31 March 2014, 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 2014, the Company had 9 employees (2013: 8), including the executive and independent non-executive Directors. Total staff cost for the Year was HK\$1,267,000 (2013: HK\$1,138,000). 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 (2013: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") will be held on 18 July 2014.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

The Company has established, with written terms of reference, an Audit Committee whose members are Mr. Lu Fan (Chairman), Dr. Chow Yunxia, Carol, Mr. Lam Chi Wai (appointed on 2 September 2013) and Dr. Zhang Hongru, 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 had reviewed with the management the accounting principles and practices adopted by the Company and had discussed with the management about the auditing, internal control and financial reporting matters for the Year. The Audit Committee had also reviewed the annual results of the Company for the Year.

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.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

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
Chairman

Hong Kong, 11 June 2014

As at the date of this announcement, the Board comprises seven 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 four are independent non-executive directors, namely Mr. Lu Fan, Dr. Zhang Hongru, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai.