



大唐投資國際有限公司\*

GRAND INVESTMENT INTERNATIONAL LTD.

(incorporated in Bermuda with limited liability)

Stock Code: 1160

Positioned for  
**Growth**

Annual Report  
**2015-16**

\* for identification purpose only

# Contents

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	4
Corporate Governance Report	6
Biographical Details of Directors	15
Report of the Directors	17
Environmental, Social and Governance (ESG) Report	25
Independent Auditors' Report	27
Statement of Comprehensive Income	29
Statement of Financial Position	30
Statement of Changes in Equity	31
Statement of Cash Flows	32
Notes to the Financial Statements	33
Five-Year Financial Summary	70

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Ms. Lee Wai Tsang, Rosa (*Chairman*)

Dr. Huang Zhijian

Mr. Lee Wai Wang, Robert

### Independent Non-Executive Directors

Dr. Chow Yunxia, Carol

Mr. Lam Chi Wai

Mr. Lu Fan

## COMPANY SECRETARY

Ms. Wong Chui San, Susan

## AUDIT COMMITTEE

Mr. Lu Fan

Mr. Lam Chi Wai

Dr. Chow Yunxia, Carol

## REMUNERATION COMMITTEE

Mr. Lu Fan

Mr. Lee Wai Wang, Robert

Dr. Chow Yunxia, Carol

## NOMINATION COMMITTEE

Dr. Huang Zhijian

Mr. Lu Fan

Dr. Chow Yunxia, Carol

## INVESTMENT MANAGER

Grand Investment (Securities) Limited

A3, 32/F, United Centre

No. 95, Queensway

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

OCBC 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 A301, 32/F, United Centre

No. 95 Queensway

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

# Chairman's Statement

2015 was a challenging year. While the markets and economies of more developed regions had been steady, those of China and Hong Kong remained volatile. The dramatic swings in the China market in the course of 2015, coupled with the unexpected changes in the Chinese government's policy regarding currency, had led to concerns globally. Moreover, the slide in commodity and oil prices reflected the slowdown in demand that China is experiencing. The market had since been volatile as it reacted cautiously and remained concerned with the overall global economic growth.

Stepping into 2016, the unsettling instability of returns from the China market had sent fear to investors since the beginning of the year. The effectiveness of some of the central banks' asset purchase programs had also been called into question. The uncertainty of the referendum outcome of the British exit ("Brexit") from the European Union and continuous quantitative easing put pressure on Europe and their long term impact is unpredictable. The Japanese economy, under the impact of Abenomics, was proven to be more difficult to manage. As such, the Japanese market had not reacted positively to the negative interest rates imposed. Meanwhile the economy of the United States ("US") remained stable and selective sectors such as information technology continued to outperform other sectors. The US Federal Reserve ("US Fed") has been concerned with the headwind of the global market and remains very cautious on the imposition of rate hikes this year. Contrary to market expectations, the US Fed only imposed one rate hike and an additional one is expected to be imposed within this month.

The slowdown in China has dampened the overall international sentiment and confidence. Despite volatile market conditions and gradual depreciation of the Renminbi ("RMB"), China is moving towards a more sustainable economy. With its Consumer Price Index ("CPI") and Gross Domestic Product ("GDP") both trending within expectation, China is presumed to deploy policy and resources to maintain the targeted growth rate. One example is the 'One Belt One Road' initiative, which aims to redirect the overcapacity in China to the international arena through infrastructure projects. The gradual depreciation of RMB will also alleviate export and give China a better competitive edge. China remains a formidable market and its transition from investment-driven economy to a domestic-consumption economy will take time. Hence, the economy of the country remains fragile and uncertain. As such, the continual RMB devaluation will also prompt capital outflow. Inconsistent or ineffective policy could adversely impact not only the international market, but also domestic consumption and confidence exacerbating the already delicate economy. We remain selectively and cautiously positive on the investment and outlook in China.

Finally, I want to extend our gratitude and appreciation to our shareholders. We will make our best effort to bring value to our portfolio of investments.

**Lee Wai Tsang, Rosa**

*Chairman*

Hong Kong, 8 June 2016

# Management Discussion and Analysis

## OPERATING RESULTS

For the year ended 31 March 2016 (the “Year”), Grand Investment International Ltd. (the “Company”) recorded a loss of HK\$11,922,000 (2015: profit of approximately HK\$1,131,000), including overall loss on its investment portfolios of approximately HK\$1,349,000 (2015: overall gain of approximately HK\$117,000), comprising a net realised loss on disposal of investments of approximately HK\$253,000 (2015: net realised gain of approximately HK\$124,000), a net unrealised loss of investments of approximately HK\$1,154,000 (2015: HK\$7,000) and an impairment loss on available-for-sale investments of HK\$7,325,000 (2015: impairment loss of approximately HK\$7,802,000). The Company also recorded other revenues of approximately HK\$35,000 (2015: HK\$11,976,000). The net asset value of the Company dropped by approximately 24.8% from HK\$0.28 to HK\$0.21, which was primarily resulted from the substantial write-down taken by CMHJ Technology Fund II (“CMHJ”), being one of the investments within the Company’s investment portfolios. The consequent impairment loss of approximately HK\$7,325,000 has had a significant negative impact on our net asset value as it is required in accordance with the applicable accounting principles that such impairment be reflected in the Company’s financial statements for the Year.

## PROSPECTS

As we progress into 2016, we are working diligently with CMHJ in seeking to exit our investment in the venture capital fund as well as facilitating potential acquisition from third party secondary funds. Looking at the economic conditions of China and Hong Kong, the level of Purchasing Managers Index in China ranges from 49 to 50.2 over the last two quarters. The Renminbi had shown continued depreciation over the Year, not to mention that the Shanghai Stock Exchange Composite Index and the Hang Seng Index had dropped by more than 21% and 17% respectively over the Year. The investing environment had not been and is not expected to be easy or smooth.

China’s economic slowdown is having ripple effects on various industries. In spite of the retail sector showing strains of China’s economic slowdown, Tianjin Yishang Friendship Holdings Company Limited (“Tianjin Yishang”), in which the Company holds 3.955% equity interest, remains one of the market leaders in Tianjin with 10 department stores under its operation achieving sufficient scale to support its business development. While Tianjin Yishang has the first mover advantage with its market dominant position, we continue to work with it and share our experience and suggestions to facilitate its progress. Meanwhile, we are keeping watchful eyes and working with management in our direct investment in the game development company, Joyport Holdings Limited. The direct investment sector remains very competitive in China and the investment environment is becoming increasingly challenging. Therefore, we are targeting steady income investments. Our most recent property investment in the US is intended to provide a regular income. The property has been leased to a major business center for shared office space. We hope the investment can offer stable income stream and complement our other direct investments, which tend to depend on long term capital appreciation. Likewise, new investment initiatives will likely be steady income generating investments, including but not limited to fixed income or equities. We will stay vigilant in monitoring our portfolio companies while seeking a balance of risk and return for our shareholders.

For more information on the performance of our investments during the Year, please refer to notes 10 and 11 to the financial statements.

## DIVIDENDS

The directors of the Company (“Directors”, each a “Director”) do not recommend the payment of a dividend for the Year (2015: Nil). During the Year, the Company does not have any arrangement under which a shareholder has waived or agreed to waive any dividends.

# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the Company had cash and bank balances of approximately HK\$447,000 (2015: HK\$235,000).

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 the calculation of gearing ratio was not applicable (2015: N/A). For more details on the Company's financial risks management policies, please refer to note 25 to the financial statements.

The Company had net assets of approximately HK\$36,165,000 (2015: HK\$48,087,000).

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company held assets and liabilities denominated in Hong Kong Dollars, Renminbi ("RMB") and US Dollars ("USD"). The Company's cash and cash equivalents were denominated in Hong Kong Dollars and USD. Accordingly, it is subjected to limited exposure of foreign exchange fluctuation. As it is the Company's policy to maintain relatively minimal exposure to foreign exchange risks, the Company had not used any derivatives and other instruments for currency exchange hedging purposes.

## CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2016, there were no charges on the Company's assets or any significant contingent liabilities (2015: Nil).

## CAPITAL EXPENDITURES AND COMMITMENTS

The Company had no capital commitments as at 31 March 2016 (2015: N/A).

## CAPITAL STRUCTURE

As at 31 March 2016, the total number of ordinary shares of HK\$0.10 each in the Company (the "Shares") in issue was 172,800,000 (2015: 172,800,000).

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, the Company had 9 employees (2015: 8), including the executive and independent non-executive Directors. The size of the Company's work force is expected to remain more or less the same in the coming year. Total staff cost (including Directors' emoluments) for the Year was HK\$1,343,000 (2015: HK\$1,377,000). The Company's remuneration policies are in line with the prevailing market practices and the remuneration packages of the Directors and other employees of the Company are determined on the basis of their respective performance and experience. In addition, a remuneration committee is delegated by the Board to review and determine the terms of remuneration packages of all executive Directors and senior management of the Company and make recommendations to the Board on the remuneration of non-executive Directors.

## APPRECIATION

I would like to thank our shareholders for their continuous trust in the Company and our Directors for their commitment to their roles.

**Lee Wai Tsang, Rosa**

*Chairman*

Hong Kong SAR, 8 June 2016



# Corporate Governance Report

Grand Investment International Ltd. (the “Company”) is committed to the practice and high standards of corporate governance with a view to enhancing transparency, accountability and protecting the interests of the stakeholders.

During the year ended 31 March 2016 (the “Year”), the Company had 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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## BOARD OF DIRECTORS

### Composition

As at 31 March 2016, the board (the “Board”) of directors (the “Directors”) of the Company comprises six directors of the Company, of which three are executive Directors, namely Ms. Lee Wai Tsang, Rosa (Chairman), Dr. Huang Zhijian and Mr. Lee Wai Wang, Robert, and three are independent non-executive Directors (the “INEDs”), namely Dr. Chow Yunxia, Carol, Mr. Lam Chi Wai and Mr. Lu Fan. Biographical details of each Director are set out on pages 15 to 16 of this Annual Report. All INEDs of the Company have complied with the provisions set out in Rule 3.13 of the Listing Rules. The Board is satisfied that the independence of the INEDs up to the date of this Annual Report is in accordance with the Listing Rules.

### Responsibilities of Directors

The Board is accountable to the shareholders of the Company (the “Shareholders”) for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its businesses by directing and supervising the Company’s affairs. 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. The Board delegated its responsibilities to the executive Directors to deal with day-to-day operations and reviewed those arrangements on a periodic basis. Every Director is kept informed of his/her responsibilities as a director of the Company under the laws of Hong Kong and 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 setting out the guidelines on the conduct which directors of a listed company should follow is issued to every Director. This handbook also outlines the regulatory requirements of disclosing any relevant personal interest, change in personal particulars and potential conflict of interest to the Company and regulatory bodies including the Stock Exchange 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.

### Relationship between Board Members

Ms. Lee Wai Tsang, Rosa (the chairman of the Board and an executive Director) is the sister of Mr. Lee Wai Wang, Robert (an executive Director). Save as disclosed above, there is no relationship (including financial, business, family or other material relationship) between the Board members.

# Corporate Governance Report

## Board and general meetings

The Board meets regularly and at least four Board meetings are scheduled annually. 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 for taking and keeping 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, will be considered and dealt with by the Board at a duly convened Board meeting. Individual is required to disclose the conflict of interest and will abstain from voting on such matter in the final deliberation or decision.

The following is the attendance record of these 4 Board meetings:

<b>Name of Director</b>	<b>No. of Meetings Attended/Held</b>	<b>Attendance Rate</b>
<i>Executive Directors</i>		
Ms. Lee Wai Tsang, Rosa	4/4	100%
Dr. Huang Zhijian	4/4	100%
Mr. Lee Wai Wang, Robert	4/4	100%
<i>Independent Non-Executive Directors</i>		
Mr. Lu Fan	4/4	100%
Dr. Chow Yunxia, Carol	4/4	100%
Mr. Lam Chi Wai	4/4	100%



# Corporate Governance Report

The Company held its annual general meeting for the year ended 31 March 2015 (the “2015 AGM”) on 30 July 2015 and no further general meetings was held by the Company during the Year. Due to overseas business engagement, some of the Directors attended the 2015 AGM through video conferencing, which enabled their interaction with Shareholders and attendance to their questions as might have been raised at the 2015 AGM. Ms. Lee Wai Tsang, Rosa, the chairman of the Board, hosted the 2015 AGM to ensure effective communication with the Shareholders. The following is the Directors’ attendance record of the 2015 AGM:

<b>Name of Director</b>	<b>No. of Meetings Attended/Held</b>	<b>Attendance Rate</b>
<i>Executive Directors</i>		
Ms. Lee Wai Tsang, Rosa	1/1	100%
Dr. Huang Zhijian	1/1	100%
Mr. Lee Wai Wang, Robert	1/1	100%
<i>Independent Non-Executive Directors</i>		
Mr. Lu Fan	1/1	100%
Dr. Chow Yunxia, Carol	1/1	100%
Mr. Lam Chi Wai	1/1	100%

## CORPORATE GOVERNANCE

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 for providing such indemnity has been arranged.

The INEDs have the same duties of care and skill and fiduciary duties as the executive Directors. The functions of INEDs include, but are 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 to resolve issues where potential conflicts of interests arise;
- serving and actively participating on committees, if invited;
- attending general meetings of the Company and developing a balanced understanding of the views of Shareholders; and
- scrutinizing the Company’s performance in achieving agreed corporate goals and objectives and monitoring the reporting of performance.

# Corporate Governance Report

The Board is also responsible for performing and had performed, during the Year, the corporate governance functions and duties of the Company to ensure compliance with the Listing Rules. These functions and duties include, but are not limited to:

1. formulating, developing and reviewing the Company's policies and practices on corporate governance;
2. reviewing the Director's Handbook distributed to the directors and monitoring the adequacy of the training and continuous professional development of the Directors; and
3. reviewing the Company's compliance with the Listing Rules and disclosure in this corporate governance report.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility 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 enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and have prepared the financial statements on a going concern accordingly.

## AUDIT COMMITTEE

The Company has established with written terms of reference an Audit Committee whose members are Mr. Lu Fan, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai, all being INEDs. Mr. Lu Fan is the chairman of the Audit Committee. The terms of reference of the Audit Committee explaining its role and the authority delegated to it by the Board (which are available on both the websites of the Stock Exchange and the Company) are consistent with the relevant provisions of the CG Code. The Audit Committee has been provided with sufficient resources to discharge its duties and responsibilities, which include but are not limited to 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 and risk management systems.

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

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

# Corporate Governance Report

The duties performed by the Audit Committee during the Year are set out below:

1. reviewing and approving financial statements and auditors' reports regarding the Company's annual and interim results for the Board's approval;
2. reviewing with the management and considering the accounting policies and practices adopted by the Company;
3. reviewing with the management the auditing, internal control, risk management and financial reporting matters of the Company;
4. reviewing the work of the external auditors of the Company, evaluating their performance, and making recommendation as to their appointment; and
5. carrying out annual review on the continuing connected transactions of the Company.

On 8 June 2016, 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 the Directors and the Independent Auditors' Report before the announcement of the Company's 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 annual general meeting for the year ending 31 March 2017 at a fee to be agreed with the Directors.

The Audit Committee does not include a former partner of the existing Auditors of the Company.

During the Year, the amount of remuneration paid to the Auditor was as below:

<b>Nature of Services</b>	HK\$'000
Audit services	171
Other advisory services	–

## REMUNERATION COMMITTEE

The Company has set up with written terms of reference a Remuneration Committee whose members are Mr. Lee Wai Wang, Robert, being an executive Director, and Mr. Lu Fan and Dr. Chow Yunxia, Carol, both being INEDs. Mr. Lu Fan is the chairman at the Remuneration Committee. The terms of reference of the Remuneration Committee (which are available on both the websites of the Stock Exchange and the Company) are consistent with the relevant provisions of the CG Code.

# Corporate Governance Report

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 the remuneration packages of Directors and other employees of the Company are determined primarily on the basis of their respective performance and experience.

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

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

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

1. made recommendations to the Board regarding the Company's remuneration policy and for the formulation and review of the specific remuneration package of all Directors and employees of the Company; and
2. considered and dealt with the matters of appointment, retirement and re-election of the Directors.

## 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 reference of the Nomination Committee (which are available on both the websites of the Stock Exchange and the Company) are consistent with the relevant provisions of the CG Code. The Nomination Committee is responsible for dealing with matters of appointment, retirement and re-election of the Directors. In considering the nomination, appointment or re-election of Directors, the Nomination Committee will take into account the diversity policy of the Company, which includes the consideration of various elements including gender, age, culture, qualification, ability, work experience, leadership and professional ethics of the candidate against the objective criteria determined by the Board. The Company's nomination policy is in line with the prevailing market practices and the nomination of Directors is determined primarily on the basis of performance and experience of each Director and potential Director.

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

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

# Corporate Governance Report

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

1. reviewed the structure, composition and diversity of the Board;
2. considered the re-election of the retiring Directors by the Shareholders at the forthcoming annual general meeting of the Company; and
3. considered the independence of the INEDs.

The Nomination Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.

## **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.

## **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 for 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 27 to 28 of this 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 established by the Board (with the assistance of the investment manager of the Company, if required) is responsible for making routine decisions. Corporate decisions are made collectively by the Board including the INEDs.

# Corporate Governance Report

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ms. Lee Wai Tsang, Rosa is the chairman of the Board. The Company has not appointed any chief executive officer since its inception. Given the current size and structure of the Company, the Board considers that such appointment is not required as the existing structure has a well-balanced set of authorities, responsibilities and accountability among the members of the Board (which comprises experienced and high caliber individuals who meet regularly to discuss issues and affairs affecting the operations of the Company), the management and the investment manager of the Company.

## CONSTITUTIONAL DOCUMENTS

During the Year, there was no significant change in the Company's constitutional documents.

## 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 had held two sessions of corporate governance training during the Year, which was attended by Ms. Lee Wai Tsang, Rosa (Chairman), Dr. Huang Zhijian, Mr. Lee Wai Wang, Robert, Dr. Chow Yunxia, Carol, Mr. Lam Chi Wai and Mr. Lu Fan.

## COMPANY SECRETARY

Our company secretary, Ms. Wong Chui San, Susan, 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

### 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 special general meeting to be called by 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. Members of the Company holding (i) not less than one-twentieth of the total voting rights of all Members having the right to vote at the general meeting of the Company; or (ii) not less than 100 Members, 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 Members 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 Members 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 Members concerned in accordance with the statutory requirements to all the registered Members. If the written request is invalid or the Members concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Members 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 38, has been an executive Director since 1 June 2005 and appointed as chairman of the Company since 1 May 2013. She also serves as the chairman of the investment committee of the Board. Ms. Lee holds a bachelor degree from the University of Southern California. She also obtained a Master of Science degree in Finance from Boston College and a Master of Business Administration degree 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 (the “SFO”). Ms. Lee is a director of both Grand Finance Group Company Ltd (together with its subsidiaries, the “GFG Group”) and its subsidiary, a director of Tianjin Yishang Friendship Holdings Company Ltd and an independent non-executive Director of Zhejiang Expressway Co., Ltd. (stock code: 0576), a company listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

Mr. Lee is the sister of Mr. Lee Wai Wang, Robert, an executive Director.

### **Dr. Huang Zhijian**

Dr. Huang Zhijian, aged 70, has been an executive Director since 1 January 2007. He also serves as the chairman of the nomination committee and a member of the investment committee of the Board. Dr. Huang graduated from Tsinghua University in Beijing, the People’s Republic of China (“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 a 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 Company Ltd. Dr. Huang 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 is currently an independent non-executive director of Pine Technology Holdings Limited (stock code: 1079), the latter two companies being listed on the Stock Exchange.

### **Mr. Lee Wai Wang, Robert**

Mr. Lee Wai Wang, Robert, aged 36, has been an executive Director since 2 September 2013. He also serves as a member of the remuneration committee and a member of the investment committee of the Board. Mr. Lee has over ten years of international financial industry experience and is currently the Executive Director of Grand Finance Group Company Limited (GFG Group) with primarily responsibilities for managing its brokerage and asset management businesses. He holds a Bachelor of Arts degree from Bard College and a Master of Science degree from University of Pennsylvania. He is also the Vice Chairman of the Hong Kong Securities Association, an executive committee member of the Chinese Gold and Silver Exchange Society, a member of the Process Review Panel for the Securities and Futures Commission, a committee member of the Standing Committee on Company Law Reform and a committee member of The Chinese General Chamber of Commerce.

Mr. Lee is the brother of Ms. Lee Wai Tsang, Rosa, the current Chairman of the Company and an executive Director.

# Biographical Details of Directors

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### Mr. Lu Fan

Mr. Lu Fan, aged 60, has been an independent non-executive Director since 1 June 2005. He also serves as the chairman of each of the audit committee and the remuneration committee of the Board and a member of the nomination committee of the Board. 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. He had also been the chief economist of the Zhejiang Huating Group Co., Ltd. since 2004.

### Dr. Chow Yunxia, Carol

Dr. Chow Yunxia, Carol aged 37, has been an independent non-executive Director since 1 June 2009. She also serves as a member of each of the audit committee, the remuneration committee and the nomination committee of the Board. Dr. Chow holds a bachelor 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 was 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 ten 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.

### Mr. Lam Chi Wai

Mr. Lam Chi Wai (alias Mr. Lam Chi Wai Gavin), aged 49, has been an independent non-executive Director since 2 September 2013. He also serves as a member of the audit committee of the Board. Mr. Lam holds a degree in Law from the Peking University and a master degree in accounting from the Jinan University in the PRC. He is an accountant and a certified taxation adviser. Mr. Lam has been the managing partner of a firm of certified public accountants in Hong Kong since 1996. He is a member and a practicing member of the Hong Kong Institute of Certified Public Accountants (HKICPA), a fellow member of The Association of Chartered Certified Accountants, a member of The Society of Chinese Accountants and Auditors and a fellow member of the Taxation Institute of Hong Kong. He has over 20 years' experience in auditing, finance, taxation and accounting.

# 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 2016 (the “Year”), which were approved by the board of directors (the “Board”) of the Company on 8 June 2016.

## 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 (the “PRC” or “China”) and the United States (the “US”) with potential for earnings growth and capital appreciation. The Company’s revenue for the year ended 31 March 2016 comprised of gains or loss from investments and other sources.

## BUSINESS REVIEW

The Company recorded a loss of HK\$11,922,000 for the year ended 31 March 2016 (2015: profit of approximately HK\$1,131,000), including overall loss on its investment portfolios of approximately HK\$1,349,000 (2015: overall gain of approximately HK\$117,000), comprising a net realised loss on disposal on investments of approximately HK\$253,000 (2015: net realised gain approximately HK\$124,000), a net unrealised loss of investments of approximately HK\$1,154,000 (2015: HK\$7,000) and an impairment loss on available-for-sale investments of HK\$7,325,000 (2015: impairment loss of approximately HK\$7,802,000). The Company also recorded other revenues of approximately HK\$35,000 (2015: HK\$11,976,000). Most of the revenue we received during the Year was attributed to interest income and dividend of publicly listed equities. As most of our investments are in China under the form of private equities, we do not receive a fixed annual return from our investment. As such, most of our investments are intended for long term capital appreciation in the future. As we move forward, we aim to allocate more assets with steady revenue stream as opposed to non-income generating investments.

The current market conditions and the slowdown in China have added much challenge to the investing environment. In particular, the Company had sustained a significant loss attributable to the equity holders of the Company for the Year, as compared with the net profit for the previous financial year. The net asset value of the Company had decreased by approximately 24.8%, which was primarily resulted from the substantial write-down taken by CMHJ, being one of the investments within the Company’s investment portfolios. The consequent impairment loss of approximately HK\$7,325,000 had a significant negative impact on our net asset value as it is required in accordance with the applicable accounting principles that such impairment be reflected in the Company’s financial statements for the Year.

Further details on the risks and uncertainties facing the Company, its operating results and prospects are set out in the Chairman’s Statement and the Management Discussion and Analysis on page 3 and pages 4 to 5 of this Annual Report respectively.

# Report of the Directors

The Company is committed to complying with and had during the Year complied with all environmental and social policies and other relevant laws and regulations related to its business operating environment. The Company also encouraged its employees to understand, comply with and keep themselves abreast of the laws, rules and regulations applicable to their positions and the operation of the business of the Company. Trainings were offered to its employees from time to time to equip themselves with better knowledge and make them more capable of and confident in handling the possible challenges ahead. The Board realises the importance of fostering loyalty and mutual trust with its employers and stakeholders as a good relationship is instrumental to the sustainable development of the business of the Company. The Board considers that the Company has overall maintained a good relationship with its employees, stakeholders and others that have a significant impact on the Company and on which its success depends. The Environmental, Social and Governance Report set out on pages 25 to 26 of this Annual Report provides a review on the steps taken and efforts and performance made to achieve the above purposes. The Corporate Governance Report set out on pages 6 to 14 of this Annual Report also provides a review on the Company's corporate governance performance during the Year.

## FINANCIAL RESULTS

The results and cash flows of the Company for the year ended 31 March 2016 and the state of affairs of the Company as at 31 March 2016 are set out in the financial statements on pages 29 to 32.

## DIVIDENDS

The Directors do not recommend the payment of a dividend for the Year (2015: Nil).

## ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") will be held on 15 July 2016.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Company for the Year is set out on page 70. This summary does not form part of the audited financial statements.

## 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 31.

## TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders of the Company (the "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.

## DONATIONS

Donations made by the Company during the year amounted to HK\$30,000 (2015: Nil).

## PURCHASE, SALE OR REDEMPTION OF OWN SHARES

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 2016, 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.

## DIRECTORS

The Directors who held office during the Year and up to the date of this report were:

### Executive Directors

Ms. Lee Wai Tsang, Rosa (*Chairman*)

Dr. Huang Zhijian

Mr. Lee Wai Wang, Robert

### Independent Non-executive Directors

Mr. Lu Fan

Dr. Chow Yunxia, Carol

Mr. Lam Chi Wai

The terms of office for all Directors are subject to retirement by rotation and re-election at annual general meeting in accordance with the bye-laws of the Company (the "Bye-laws"). In accordance with Bye-Law 113(A) of the Bye-laws, Dr. Huang Zhijian and Mr. Lam Chi Wai will retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The Company has received the confirmations of independence from Mr. Lu Fan, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinions of the Directors having regard to the assessment of the Nomination Committee of the Board of their independence, they remain to be considered as independent.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation.

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements or 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.

## PERMITTED INDEMNITY

Pursuant to Bye-Law 203 of the Bye-laws, the Directors and other officers of the Company shall be indemnified out of the Company's assets from and against all losses and liabilities which they may incur or sustain in the execution of their duties, excluding any losses and liabilities that may arise from their own fraud or dishonesty. In addition, the Company has maintained appropriate Directors' and Officers' Liability Insurance for the purpose of indemnifying for losses in respect of relevant legal actions against the Directors and other officers of the Company.



# Report of the Directors

## DIRECTORS' AND/OR EXECUTIVE'S INTEREST IN SHARES

As at 31 March 2016, none of the Directors or chief executive (if any) of the Company and their associates had any interest or short position 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") that was required to be 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 of Hong Kong Limited (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 Issuers as contained in the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2016, as far as the Directors are aware, the Company had been notified of the following substantial shareholders' interests or short positions in the shares and underlying shares in the Company (representing 5% or more of the Company's issued share capital) which were recorded in the register maintained by the Company under Section 336 of the SFO:

Name of substantial shareholder	Capacity	Number of ordinary shares (the "Shares") of HK\$0.10 each in the Company	Approximate percentage of existing shareholding
1. Optimize Capital Investments Limited ("Optimize Capital") (Note 1)	Beneficial owner	14,980,000 (long position) (Note 1)	8.67%
2. Lee Tak Lun	Interest of a controlled corporation	14,980,000 (long position) (Note 1)	8.67%
	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
	Beneficial Owner	67,380,000	38.99%
		117,540,000	68.02%
3. Grand Finance Group Company Limited ("GFG")	Beneficial owner	35,180,000 (long position) (Notes 2 to 4)	20.36%

# Report of the Directors

Name of substantial shareholder	Capacity	Number of ordinary shares (the "Shares") of HK\$0.10 each in the Company	Approximate percentage of existing shareholding
4. Jumbo China Holdings Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
5. Billion Sky Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
6. Win Key Investments Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%

## Notes:

1. Optimize Capital is a company incorporated in the British Virgin Islands, and is solely owned by Mr. Lee Tak Lun. Mr. Lee Tak Lun is the father of Ms. Lee Wai Tsang, Rosa and Mr. Lee Wai Wang, Robert, both being executive Directors. Mr. Lee Tak Lun is taken to be interested in these Shares under Part XV of the SFO.
2. 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.
3. 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.
4. 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.
5. The percentage of shareholding is calculated on the basis of 172,800,000 shares in the Company in issue as at 31 March 2016.

Save as disclosed above, as far as the Directors are aware, the Company had not been notified by any other persons, and none of the other Directors or chief executive (if any) of the Company had an interest or short position in the shares or underlying shares in 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 2016.

# Report of the Directors

## MANAGEMENT CONTRACTS

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

Pursuant to the investment management agreement dated 1 December 2010 (the “Investment Management Agreement”), the Company appointed Grand Investment (Securities) Limited (“GIS”) as the Company’s investment manager to provide the Company with investment management services for an initial term of two years commencing on 1 December 2010 subject to renewal, at the investment management fee of HK\$288,000 per annum.

GIS is regarded as a connected person of the Company under Rule 14A.08 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. Since each of the applicable percentage ratios under Rules 14.07 of the Listing Rules (as appropriate) on an annual basis is less than 5% and the total consideration is less than HK\$3,000,000, the transaction contemplated under the Investment Management Agreement was not subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### Tenancy Agreement

Pursuant to a tenancy agreement dated 13 November 2014 entered into between GIS as landlord and the Company as tenant for a term of one year commencing from 20 November 2014 (subject to renewal) at a monthly rent of HK\$30,916.67 (as subsequently renewed by a tenancy agreement dated 13 November 2015 for a renewed term of one year commencing from 20 November 2015 (subject to renewal) at a monthly rent of HK\$38,866.67), exclusive of operating charges, rates and other outgoings (collectively, the “Tenancy Agreement”), GIS had leased the office premises located at A301, 32/F, United Centre, No. 95 Queensway, Hong Kong to the Company.

As aforementioned, GIS is a connected person of the Company. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for the Company. During the Year, the aggregate amount of rent paid to GIS under the Tenancy Agreement amounted to HK\$405,715. Since each of the applicable percentage ratios under Rule 14.07 of the Listing Rules (as appropriate) on an annual basis is less than 5% and the total consideration is less than HK\$3,000,000, the transaction contemplated under the Tenancy Agreement was not subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### Custodian Agreement

The Company appointed DBS Bank Ltd, (“DBS”) as its custodian under a custodian agreement (the “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.

# Report of the Directors

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) for the provision of securities is payable by the Company to DBS.

DBS is regarded as a connected person of the Company under Rule 14A.08 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\$47,520. Since each of the applicable percentage ratios under Rules 14.07 of the Listing Rules (as appropriate) on an annual basis is less than 5% and the total consideration is less than HK\$3,000,000, the transaction contemplated under the Custodian Agreement was not subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors had reviewed the above continuing connected transactions respectively contemplated under the aforementioned Investment Management Agreement, the Tenancy Agreement and the Custodian Agreement (each a "Transaction" and collectively, the "Transactions") for the Year and confirmed that each of the Transactions was entered into:

- (i) in the ordinary and usual course of the Company's business;
- (ii) on normal commercial terms;
- (iii) (as regards the Investment Management Agreement) in accordance with the Investment Management Agreement on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole;
- (iv) (as regards the Tenancy Agreement) in accordance with the Tenancy Agreement on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole; and
- (v) (as regards the Custodian Agreement) in accordance with the Custodian Agreement on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The auditors of the Company also confirmed that:

- (i) each of the Transactions was approved by the Board;
- (ii) the Transaction contemplated under the Investment Management Agreement was entered into in accordance with the terms of the Investment Management Agreement;
- (iii) the Transaction contemplated under the Tenancy Agreement was entered into in accordance with the terms of the Tenancy Agreement;
- (iv) the Transaction contemplated under the Custodian Agreement was entered into in accordance with the terms of the Custodian Agreement;

# Report of the Directors

- (v) the total investment management fees paid by the Company in relation to the Investment Management Agreement during the Year do not exceed HK\$288,000;
- (vi) the total rent paid by the Company in relation to the Tenancy Agreement during the Year does not exceed HK\$405,716; and
- (vii) the total custody fee and other charges paid by the Company in relation to the Custodian Agreement during the Year does not exceed HK\$47,520.

To the extent that the “Related Party Transactions” as disclosed in note 22 to the financial statements for the Year constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

## 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. There is no information necessary to enable Shareholders to obtain any relief from taxation to which they are entitled by reason of being the Company’s shareholder.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed level of public float under the Listing Rules during the Year and at any time up to the date of this Annual Report.

## AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with Rule 3.21 of the Listing Rules for the purpose of, among other duties, reviewing and providing supervision over the Company’s financial reporting procedures, internal control system and the risk management system. The Audit Committee, comprising all three independent non-executive Directors, had reviewed with the management of the Company the audited financial statements of the Company for the Year.

## EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events since the end of the Year and as at the date of 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 will retire and, being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting. 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.

By Order of the Board  
**Lee Wai Tsang, Rosa**  
*Chairman*

Hong Kong, 8 June 2016

# Environmental, Social and Governance (ESG) Report

## STANDARD OF EMPLOYMENT

Grand Investment International Ltd. (the “Company”) has complied with the applicable employment-related laws and regulations currently in force in Hong Kong. The Company does not employ staffs who are below 18 years of age. The Company provided such rights and benefits to its employees which are no less than those required statutorily. No employee is paid less than the minimum wage specified by the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong). Monthly salary payments are made on time according to respective employment contracts. The Company’s contributions to the defined contribution retirement scheme it operated under the Mandatory Provident Fund Scheme are made by each monthly contribution day.

As of the end of the year ended 31 March 2016 (the “Year”), the Group had a total of 9 employees and we are proud to have achieved a gender ratio of 44% female to 56% male among our staff (including Directors) with our continuous efforts to fully promote gender equality within the Company.

## WORKING CONDITIONS

The Company is committed to complying with the laws relating to anti-discrimination and equal opportunities promotion. It also strives to provide a pleasant, safe and healthy workplace for our employees. We care for our employees and recognize that having positive attitude helps motivate employees at workplace.

## STAFF CARE, DEVELOPMENT AND TRAINING

We consider our employees an important asset of the Company. We strive to provide a fair and respectful working environment to our employees.

In selecting our employees and board members, the Company considers the experience, knowledge and background of the individual that can contribute to the diversity and caliber of the Company.

The Company offers continuous training opportunities through external as well as internal seminars for employees. While our employees have the opportunity to learn new skills, they are also given work assignments that provide flexibility and positive learning experience. Also, the Company offers new and existing employee training program in finance and compliance through necessary continuous professional training courses (“CPT”). The range of training hours varies depending on seminar, courses and events available for the year. Employees including directors of the Company received no less than 2 hours and up to 12 hours of CPT. We adopt a five-day workweek and encourage our employees to have a good balance among health, work and social or family activities.

## RELATIONSHIP WITH SHAREHOLDERS

The Board takes its fiduciary role seriously and is committed to maintaining a high standard of business integrity and transparency in our business practice. To understand our major stakeholders’ needs and expectations, the Company has designated an open channel of communication with its shareholders and an email account is dedicated to communication with stakeholders on its website.



# Environmental, Social and Governance (ESG) Report

## **ENVIRONMENTAL PROTECTION**

The Company took several steps to improve energy conservation. For instance, we participated in No Air-Con Night 2015 organized by Green Sense and turned off air conditioners in our office premises during night time on 25 September 2015.

Being an investment vehicle company, we are also conscious of our investment decision and its potential impact to the environment. Should the opportunity arises, we would consider projects for its risk and return dynamics as well as positive environmental effects it will have.

## **COMMUNITY INVOLVEMENT AND CONTRIBUTION**

The Company pursues sustainable development of the community by supporting initiatives that create effective and lasting benefits to the local communities. Going beyond corporate philanthropy, the Company supports long-term community investment by encouraging our employees to participate in volunteer work.

Our employees had the opportunity to participate in community service organized under Hong Kong Movie Star Sports Association Ltd., which included, for the Year, visiting senior citizens living alone. In April and August 2015, our volunteers distributed oatmeal and rice to the elderly in Lam Tin and Kwun Tong respectively. Our employees spent time conversing with the seniors and kept them accompanied during the visits.

Our employees had also participated in the “Dress Casual Day” in support of The Community Chest of Hong Kong for fund-raising and care for those in need.

# Independent Auditors' Report



**East Asia Sentinel Limited**  
**衛亞會計師事務所有限公司**

*Certified Public Accountants*

22/F, Tai Yau Building  
181 Johnston Road  
Wanchai, Hong Kong

Tel : +852 2521 2328  
Fax : +852 2525 9890  
Email : [letters@EastAsiaSentinel.com](mailto:letters@EastAsiaSentinel.com)  
[www.EastAsiaSentinel.com](http://www.EastAsiaSentinel.com)

Ref: 143448

**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 29 to 32, which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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.

# Independent Auditors' Report

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.

## **OPINION**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**East Asia Sentinel Limited**

**So Kwok Keung Keith**

*Director*

Practising Certificate No. P1724

Hong Kong

Date: 8 June 2016

# Statement of Comprehensive Income

For the year ended 31 March 2016

	<i>NOTE</i>	<b>2016 HK\$'000</b>	2015 HK\$'000
(LOSS)/GAIN ON INVESTMENTS	<i>6</i>	<b>(1,349)</b>	117
OTHER REVENUES	<i>6</i>	<b>35</b>	11,976
IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS	<i>10</i>	<b>(7,325)</b>	(7,802)
ADMINISTRATIVE EXPENSES		<b>(3,283)</b>	(3,160)
(LOSS)/PROFIT BEFORE TAXATION	<i>7</i>	<b>(11,922)</b>	1,131
TAXATION	<i>8(a)</i>	-	-
(LOSS)/PROFIT FOR THE YEAR		<b>(11,922)</b>	1,131
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<b>(11,922)</b>	1,131
DIVIDEND	<i>20</i>	-	-
(LOSS)/PROFIT PER SHARE	<i>21</i>		
Basic:			
For (loss)/profit for the year		<b>(HK\$0.07)</b>	HK\$0.01
Diluted:			
For (loss)/profit for the year		<b>N/A</b>	N/A

The notes on pages 33 to 69 form an integral part of these financial statements.

# Statement of Financial Position

As at 31 March 2016

	<i>NOTE</i>	<b>2016 HK\$'000</b>	2015 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	<i>10</i>	<b>25,456</b>	26,580
<b>CURRENT ASSETS</b>			
Investments at fair value through profit or loss	<i>11</i>	<b>3,818</b>	517
Deposits, other receivables and prepayments	<i>12</i>	<b>769</b>	13,562
Cash and cash equivalents	<i>13</i>	<b>6,309</b>	7,591
<b>TOTAL CURRENT ASSETS</b>		<b>10,896</b>	21,670
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	<i>14</i>	<b>187</b>	163
<b>TOTAL CURRENT LIABILITIES</b>		<b>187</b>	163
<b>NET CURRENT ASSETS</b>		<b>10,709</b>	21,507
<b>NET ASSETS</b>		<b>36,165</b>	48,087
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>17,280</b>	17,280
Reserves	<i>16</i>	<b>18,885</b>	30,807
<b>TOTAL EQUITY</b>		<b>36,165</b>	48,087
<b>NET ASSET VALUE PER SHARE</b>	<i>19</i>	<b>HK\$0.21</b>	HK\$0.28

**Lee Wai Tsang, Rosa**

*Director*

**Huang Zhijian**

*Director*

The notes on pages 33 to 69 form an integral part of these financial statements.

# Statement of Changes in Equity

For the year ended 31 March 2016

	<b>Share capital</b> HK\$'000	<b>Share premium</b> HK\$'000	<b>Accumulated losses</b> HK\$'000	<b>Total</b> HK\$'000
<b>YEAR ENDED 31 MARCH 2015</b>				
At 1 April 2014	17,280	37,786	(8,110)	46,956
<b>Total comprehensive income</b>				
Profit for the year	–	–	1,131	1,131
At 31 March 2015	17,280	37,786	(6,979)	48,087
<b>YEAR ENDED 31 MARCH 2016</b>				
At 1 April 2015	<b>17,280</b>	<b>37,786</b>	<b>(6,979)</b>	<b>48,087</b>
<b>Total comprehensive income</b>				
Loss for the year	–	–	<b>(11,922)</b>	<b>(11,922)</b>
At 31 March 2016	<b>17,280</b>	<b>37,786</b>	<b>(18,901)</b>	<b>36,165</b>

The notes on pages 33 to 69 form an integral part of these financial statements.



# Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(11,922)	1,131
Adjustment for:		
Interest income	(35)	(79)
Unrealised loss of investments at fair value through profit or loss	1,154	7
Impairment losses of available-for-sale investment	7,325	7,802
Operating profit/(loss) before changes in working capital	(3,478)	8,861
Change in fair value of investments at fair value through profit or loss	(4,455)	110
Decrease/(Increase) in deposits, other receivables and prepayments	12,793	(13,108)
Increase in other payables and accruals	24	14
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>4,884</b>	<b>(4,123)</b>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale investment	(6,201)	–
Proceeds from disposals of available-for-sale investment	–	9,347
Interest received	35	79
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(6,166)</b>	<b>9,426</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,282)</b>	<b>5,303</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	7,591	2,288
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6,309	7,591
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	447	235
Short-term deposit with original maturity within three months	5,862	7,356
	<b>6,309</b>	<b>7,591</b>

The notes on pages 33 to 69 form an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 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, United States, the People’s Republic of China and other regions.

## 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.

These 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 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) New and amended standards adopted by the Company

The following amendments to standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2015:

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 2. BASIS OF PREPARATION *(continued)*

### (a) New and amended standards adopted by the Company *(continued)*

Amendments from annual improvements to HKFRS – 2010 – 2012 Cycle, on HKFRS 8 “Operating segments”, HKAS 16 “Property, plant and equipment” and HKAS 38 “Intangible assets” and HKAS 24 “Related party disclosures”.

Amendments from annual improvements to HKFRS – 2011 – 2013 Cycle, on HKFRS 3 “Business combinations”, HKFRS 13 “Fair value measurement” and HKAS 40 “Investment property”.

The adoption of the improvements made in the 2010 – 2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Company.

None of these developments have been a material effect on how the Company’s results and financial position for the current or prior periods have been prepared or presented.

### (b) New standards and interpretations not yet 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 2016, and which have not been adopted in preparing these financial statements. These include the following new standards which may be relevant to the Company.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1 “Disclosure Initiative”	1 January 2016
Amendment to HKAS 16 and HKAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”	1 January 2016
Annual Improvements 2012-2014 Cycle “Amendments to a number of HKFRSs”	1 January 2016
HKFRS 15 “Revenue from contracts with customers”	1 January 2018
HKFRS 9 “Financial instruments”	1 January 2018
HKFRS 16 “Leases”	1 January 2019

#### **Amendments to HKAS 1 “Disclosure Initiative”**

The amendments to HKAS 1 “Presentation of Financial Statements” give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Company’s financial statements.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 2. BASIS OF PREPARATION *(continued)*

### (b) New standards and interpretations not yet adopted *(continued)*

#### Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply.

The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the financial statements.

#### HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract

# Notes to the Financial Statements

For the year ended 31 March 2016

## 2. BASIS OF PREPARATION *(continued)*

### (b) New standards and interpretations not yet adopted *(continued)*

#### HKFRS 15 “Revenue from Contracts with Customers” *(continued)*

- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors are in process of assessing the impact on the application of HKFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Company performs a detailed review.

#### HKFRS 9 “Financial Instruments”

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 “*Financial Instruments: Recognition and Measurement*” are required to be 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 2. BASIS OF PREPARATION *(continued)*

### (b) New standards and interpretations not yet adopted *(continued)*

#### HKFRS 9 “Financial Instruments” *(continued)*

- 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 attributable to a financial liability’s 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 is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, 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 nonfinancial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. 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 not have significant impact on amounts reported in respect of the Company’s financial assets and financial liabilities based on the analysis of the Company’s financial instruments as at 31 March 2016.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 2. BASIS OF PREPARATION *(continued)*

### (b) New standards and interpretations not yet adopted *(continued)*

#### HKFRS 16 “Leases”

HKFRS 16 supersedes HKAS 17 “Leases”, HK(IFRIC) – Int 4 “Determining whether an Arrangement contain a Lease”, HK(SIC) – Int 15 “Operating Lease – Incentives” and HK(SIC) – Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 “Leases”. Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer). HKFRS 16 substantially carries forward the lessor’s accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components. The Company is in the process of making an assessment of the potential impact of application of HKFRS 16, the directors consider that it is not practicable to provide a reasonable estimate of the effect of the adoption of HKFRS 16 until the Company performs a detailed review.



# Notes to the Financial Statements

For the year ended 31 March 2016

## 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 to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the Company's various lines of business and geographical locations.

### (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.

# Notes to the Financial Statements

For the year ended 31 March 2016

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

### (c) Financial instruments *(continued)*

#### (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.

#### (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.

# Notes to the Financial Statements

For the year ended 31 March 2016

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

### (c) Financial instruments *(continued)*

#### (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.

### (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.

# Notes to the Financial Statements

For the year ended 31 March 2016

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

### (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 2016

## 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. The Company has no further payment obligation once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in contributions. Prepaid contributions are recognised as at asset to the extent that a cash refund or a reduction in the future payments is available.

### (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.

# Notes to the Financial Statements

For the year ended 31 March 2016

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

### (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.
- (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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 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 in accordance to relevant accounting principles 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.

As at 31 March 2016, the Company has unrecognised deferred tax asset of HK\$5,485,883 (2015: HK\$4,717,180) 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 where accounting principles applied. 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.



# Notes to the Financial Statements

For the year ended 31 March 2016

## 6. (LOSS)/GAIN ON INVESTMENTS AND OTHER REVENUES

The Company's (loss)/gain on investments and other revenues recognised during the year are as follows:–

	2016 HK\$'000	2015 HK\$'000
<b>(LOSS)/GAIN ON INVESTMENTS</b>		
Net unrealised (loss) on investments at fair value through profit or loss	<b>(1,154)</b>	(7)
Net realised (loss)/gain on disposal on investments at fair value through profit or loss	<b>(253)</b>	124
Dividend income	<b>58</b>	–
	<b>(1,349)</b>	117
<b>OTHER REVENUES</b>		
Bank interest income	<b>35</b>	79
Distribution income from unlisted partnership	–	476
Distribution income from an available-for-sales investment	–	11,421
	<b>35</b>	11,976
<b>Total (loss)/gain on investments and other revenues</b>	<b>(1,314)</b>	12,093

## 7. (LOSS)/PROFIT BEFORE TAXATION

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

	2016 HK\$'000	2015 HK\$'000
Auditors' remuneration		
– Audit Services	<b>171</b>	166
– Non-Audit Services	–	4
Impairment losses on an available-for-sale investment	<b>7,325</b>	7,802
Investment manager fee	<b>288</b>	288
Exchange loss, net	<b>88</b>	1
Legal and professional fee	<b>233</b>	218
Operating lease payments	<b>406</b>	341
Staff costs (excluding directors' emoluments)		
– Salaries, bonus and allowances	<b>231</b>	319
– Mandatory provident fund contributions	<b>8</b>	14

There is no exceptional items identified for the years ended 31 March 2016 and 2015.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 8. TAXATION

- (a) No provision for Hong Kong Profits Tax has been made in these financial statements as the Company has no assessable profits derived from its operation in Hong Kong during the year (2015: Nil).
- (b) No provision for overseas tax has been made in these financial statements, as the Company has no profit derived from overseas.
- (c) The Company had an unrecognised deferred tax asset as follows:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Unrecognised deferred tax asset	<b>5,485</b>	4,717

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)/profit at applicable tax rate is as follows:-

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
(Loss)/Profit before taxation	<b>(11,922)</b>	1,131
Tax at the applicable rate of 16.5% (2015: 16.5%)	<b>(1,967)</b>	187
Tax effect of non-taxable income	<b>(15)</b>	(1,976)
Tax effect of non-deductible expenses	<b>1,208</b>	1,287
Tax effect of tax loss not recognised	<b>774</b>	502
Total income tax	<b>-</b>	-

# Notes to the Financial Statements

For the year ended 31 March 2016

## 9. BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' emoluments

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 383 of the Hong Kong Companies Ordinance (Cap. 622), is as follows:-

	2016 HK\$'000	2015 HK\$'000
Fee:		
Executive Directors	42.50	38
Independent Non-executive Directors	127.50	130
Other emolument:		
Executive Directors:		
– Salaries and benefits in kind	942	890
– Retirement benefit scheme contributions	18	18
	<b>1,130</b>	1,076

The emoluments of each director, on a named basis, for the year ended 31 March 2016 are set out below:-

	Directors' fees HK\$'000	Salaries HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Lee Wai Tsang, Rosa	–	769	18	787
Huang Zhijian	–	173	–	173
Lee Wai Wang, Robert	42.50	–	–	42.50
<i>Independent Non-executive Directors</i>				
Lu Fan	42.50	–	–	42.50
Chow Yunxia, Carol	42.50	–	–	42.50
Lam Chi Wai	42.50	–	–	42.50
	<b>170</b>	<b>942</b>	<b>18</b>	<b>1,130</b>

# Notes to the Financial Statements

For the year ended 31 March 2016

## 9. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

### (a) Directors' emoluments *(continued)*

The emoluments of each director, on a named basis, for the year ended 31 March 2015 are set out below:–

	Directors' fees HK\$'000	Salaries HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Lee Wai Tsang, Rosa	–	732	18	750
Huang Zhijian	–	158	–	158
Lee Wai Wang, Robert	38	–	–	38
<i>Independent Non-executive Directors</i>				
Lu Fan	38	–	–	38
Lam Chi Wai	38	–	–	38
Chow Yunxia, Carol	38	–	–	38
Zhang Hongru (resigned on 1 September 2014)	16	–	–	16
	168	890	18	1,076

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 (2015: Nil).

### (b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### (c) Highest paid individuals

Of the individuals with the highest remuneration in the Company, the numbers of directors and individuals are as follows:–

	2016	2015
Number of directors	3	4
Number of individuals	2	1
	5	5

The emoluments of the above directors are included in the disclosure in note 9(a).

# Notes to the Financial Statements

For the year ended 31 March 2016

## 9. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

### (c) Highest paid individuals *(continued)*

The emoluments of the above individuals are as follows:–

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Salaries, allowances and benefits in kind	<b>231</b>	299
Retirement benefit scheme contributions	<b>8</b>	14
	<b>239</b>	313

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

	<b>2016</b> <b>Number of</b> <b>employees</b>	2015 Number of employees
Nil to HK\$500,000	<b>1</b>	1
HK\$500,001 to HK\$1,000,000	<b>–</b>	–
	<b>1</b>	1

During the year, there was no arrangement under which an individual waived or agreed to waive any remuneration. No emoluments were paid by the Company to any of the individuals as an inducement to join or upon joining the Company or as compensation for loss of office (2015: Nil).

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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 10. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK\$'000	2015 HK\$'000
Investment securities, at cost:		
Equity securities, unlisted shares (note (a))	17,186	18,787
Less: impairment loss	-	(7,802)
	17,186	10,985
Investments in limited partnerships, at cost (note (b))	15,595	15,595
Less: impairment loss	(7,325)	-
	8,270	15,595
Total	25,456	26,580

### (a) Equity securities

The equity securities represent investments in unlisted equity interest in private enterprises in the People's Republic of China (the "PRC") and the United States.

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 2016. 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 2016.

# Notes to the Financial Statements

For the year ended 31 March 2016

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

### (a) Equity securities *(continued)*

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 (%)	Net asset attributable to the investment (%)	2016 Cost less impairment HK\$'000	2015 Cost less impairment HK\$'000
Tianjin Yishang Friendship Holdings Company Limited	Operation of department stores and home retail shops	8,711,965 (2015: 8,711,965)	3.955% (2015: 3.955%)	26% (2015: 20%)	9,434	9,434
Joyport Holdings Limited	Online game development, distribution and operation	1,231,600 (2015: 1,231,600)	5.00% (2015: 5.00%)	4% (2015: 3%)	1,551	1,551
730 Arizona Avenue II, LLC	Investment holding	800 (2015: Nil)	14.68% (2015: Nil)	17% (2015: Nil)	6,201	N/A
					<b>17,186</b>	10,985
					<b>2016 HK\$'000</b>	<b>2015 HK\$'000</b>
Equity securities, at cost					<b>17,186</b>	18,787
Provision for impairment loss					-	(7,802)
					<b>17,186</b>	10,985



# Notes to the Financial Statements

For the year ended 31 March 2016

## 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 and home retail shops in the PRC.

The audited financial information of Tianjin Yishang was approximately as follows:

	<b>For the year ended 31/12/2015 RMB'000</b>	For the year ended 31/12/2014 RMB'000
Profit for the year	<b>431</b>	1,778
Net asset value	<b>722,204</b>	721,773

During the year, the Company did not receive any dividend from Tianjin Yishang (2015: Nil).

#### **Joyport Holdings Limited (“Joyport”)**

Joyport is a limited liability company registered in the 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 game development including but not limited Massive Multiplayer Online Role-Playing Games (“MMORPG”) and mobile games.

# Notes to the Financial Statements

For the year ended 31 March 2016

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

### (a) Equity securities *(continued)*

#### Joyport Holdings Limited ("Joyport") *(continued)*

The unaudited financial information of Joyport was approximately as follows:

	<b>For the year ended 31/12/2015 RMB'000</b>	For the year ended 31/12/2014 RMB'000
Loss for the year	<b>(48,991)</b>	(16,534)
Net asset value	<b>4,833</b>	53,906

During the year, the Company did not receive any dividend from Joyport (2015: Nil).

#### 730 Arizona Avenue II, LLC ("730 Arizona")

730 Arizona is a limited liability company registered in the United States that invested in a Delaware limited liability company which holds a 40% interest in a commercial building at 730 Arizona Avenue, Santa Monica, California 90401 (the "Property"). The Property is a four-storey office building which was constructed in 1989, with two floors of underground parking and has a total rental area of approximately 28,822 square feet. The commercial building is managed by 730 Arizona Avenue Management LLC, a limited liability company registered in California, the United States.

The unaudited financial information of 730 Arizona was approximately as follows:

	<b>Period from 01/07/2015 to 31/12/2015 US\$'000</b>
Loss for the year	<b>(2)</b>
Net asset value	<b>5,446</b>

During the year, the Company did not receive any dividend from 730 Arizona (2015: not applicable).

# Notes to the Financial Statements

For the year ended 31 March 2016

## 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, 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 2016. Impairment losses on these investments were recognised under relevant account principles in statement of comprehensive income in accordance with the policy set out in note 3(c).

Particulars of the limited partnerships are as follows:–

Name of limited partnerships	Nature of business	Percentage of interest held (%)	Net assets attributable to the investment (%)	2016 Cost less impairment HK\$'000	2015 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% (2015: 2.8%)	23% (2015: 32%)	8,270	15,595
				<b>8,270</b>	15,595
				<b>2016 HK\$'000</b>	<b>2015 HK\$'000</b>
At beginning of the year				15,595	27,291
Disposal of the investment				–	(11,696)
At end of the year				15,595	15,595
Provision for impairment loss				(7,325)	–
				<b>8,270</b>	15,595

# Notes to the Financial Statements

For the year ended 31 March 2016

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

### (b) Investments in limited partnerships *(continued)*

The movements on the provision for impairment of investments in limited partnerships are as follows:

	2016 HK\$'000	2015 HK\$'000
At beginning of the year	–	(2,349)
Written back on disposal available-for-sale investment	–	2,349
Impairment loss on available-for-sale investment	<b>(7,325)</b>	–
At the end of the year	<b>(7,325)</b>	–

A brief description of the business information of the limited partnerships is as follows:–

#### (i) 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 were approximately as follows:

	As at 31/12/2015 US\$'000	As at 31/12/2014 US\$'000
Net asset value attributable to shareholders	<b>36,907</b>	67,889

During the year, the Company did not receive any dividend from CMHJ (2015: HK\$476,151).

# Notes to the Financial Statements

For the year ended 31 March 2016

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

	2016 HK\$'000	2015 HK\$'000
Equity securities listed in Hong Kong, at fair value	3,818	517

The Company's investments in listed securities designated as investments at fair value through profit or loss with fair value amounting to HK\$73,675 (2015: HK\$309,960) were pledged as collateral to a related company, Grand Investment (Securities) Limited ("GIS"), to obtain marginal facilities 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 market value of the listed equity securities held by the Company as at 31 March 2016 was approximately HK\$3,971,700.

Notes:

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

Particulars of the equity securities are as follows:–

**At 31 March 2016**

Name of invested company	Place of incorporation	Number of shares	Percentage of interest held (%)	Net assets attributable to the investment (%)	Cost	Market	Unrealised
					HK\$'000	value HK\$'000	(loss) arising on revaluation HK\$'000
Tencent Holdings Ltd.	The People's Republic of China	7,000	Less than 0.1%	3.07%	1,115	1,109	(6)
Hong Kong Exchanges and Clearing Ltd.	Hong Kong	5,000	Less than 0.1%	2.58%	1,070	934	(136)
Tracker Fund of Hong Kong	Hong Kong	40,000	Less Than 0.1%	2.33%	1,087	842	(245)
New China Life Insurance Co. Ltd.	The People's Republic of China	20,000	Less Than 0.1%	1.51%	997	547	(450)
Fosun International Ltd.	The People's Republic of China	35,000	Less Than 0.1%	1.07%	703	386	(317)
					4,972	3,818	(1,154)

# Notes to the Financial Statements

For the year ended 31 March 2016

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

Notes: (continued)

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

At 31 March 2015

Name of invested company	Place of incorporation/Registration	Number of shares	Percentage of interest held (%)	Net assets attributable to the investment (%)	Cost	Market value	Unrealised gain/(loss) arising on revaluation HK\$'000
					HK\$'000	HK\$'000	
China Pacific Insurance (Group) Co., Ltd	The People's Republic of China	14,000	Less than 0.1%	1.07%	524	517	(7)

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

#### **Tencent Holdings Ltd. ("Tencent")**

Tencent is principally engaged in the provision of value-added services, online advertising services and eCommerce transactions services to users in the PRC.

The unaudited financial information of Tencent was approximately as follows:

	<b>For the year ended 31/12/2015 RMB'000,000</b>	For the year ended 31/12/2014 RMB'000,000
Profit attributable to shareholder of Tencent	<b>44,416</b>	21,891
Net asset value	<b>120,035</b>	80,013

During the year ended 31 March 2016, the Company received cash dividends of approximately HK\$2,300 from Tencent.

#### **Hong Kong Exchanges and Clearing Ltd. ("HKEx")**

HKEx owns and operates the only stock exchange and a futures exchange in Hong Kong and their related clearing houses, and an exchange and clearing house for the trading of base metals forward and options contracts operating in the United Kingdom.

The audited financial information of HKEx was approximately as follows:

	<b>For the year ended 31/12/2015 HK\$'000</b>	For the year ended 31/12/2014 HK\$'000
Profit attributable to shareholder of HKEx	<b>7,949,000</b>	4,350,000
Net asset value	<b>29,816,000</b>	21,273,000

During the year ended 31 March 2016, the Company received dividends of approximately HK\$11,000 from HKEx.

# Notes to the Financial Statements

For the year ended 31 March 2016

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

Notes: (continued)

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

#### Tracker Fund of Hong Kong ("TraHK")

TraHK is an exchange-traded fund which provides investment results that correspond to the performance of the Hang Seng Index in the Hong Kong stock market.

The audited financial information of TraHK was approximately as follows:

	For the year ended 31/12/2015 HK\$'000	For the year ended 31/12/2014 HK\$'000
(Loss)/Profit attributable to shareholder of TraHK	(6,398,730)	818,924
Net asset value	72,386,721	62,418,501

During the year ended 31 March 2016, the Company received dividends of approximately HK\$25,000 from TraHK.

#### New China Life Insurance Co. Ltd. ("NCLI")

NCLI provides life insurance in local and foreign currencies, acts as an insurance agent for domestic and foreign insurance institution for insurance, provides verification and claim settlement and insurance consulting.

The audited financial information of NCLI was approximately as follows:

	For the year ended 31/12/2015 RMB'000,000	For the year ended 31/12/2014 RMB'000,000
Profit attributable to shareholder of NCLI	10,131	9,513
Net asset value	57,835	48,359

During the year ended 31 March 2016, the Company received dividends of approximately HK\$4,000 from NCLI.

#### Fosun International Limited ("Fosun")

Fosun is engaged in integrated finance and industrial operations, including insurance, investment, steel and pharmaceuticals manufacturing and property development.

The audited financial information of Fosun was approximately as follows:

	For the year ended 31/12/2015 RMB'000	For the year ended 31/12/2014 RMB'000
Profit attributable to shareholder of Fosun	7,618,960	6,806,853
Net asset value	75,252,509	49,408,423

During the year ended 31 March 2016, the Company received no dividends of from Fosun.



# Notes to the Financial Statements

For the year ended 31 March 2016

## 12. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Deposits and other receivables	<b>594</b>	13,385
Prepayments	<b>175</b>	177
	<b>769</b>	13,562

The carrying amounts of deposits and other receivables approximated their fair values as at 31 March 2016 and 2015.

The deposits and other receivables do not contain impaired assets.

The carrying amounts of deposits, other receivables and prepayments were denominated in the following currencies:-

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Hong Kong dollars	<b>708</b>	2,141
United States dollars	<b>61</b>	11,421
	<b>769</b>	13,562

## 13. CASH AND CASH EQUIVALENTS

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Cash and bank balances	<b>447</b>	235
Short-term bank deposits	<b>5,862</b>	7,356
	<b>6,309</b>	7,591

# Notes to the Financial Statements

For the year ended 31 March 2016

## 13. CASH AND CASH EQUIVALENTS *(continued)*

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

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Hong Kong dollars	<b>2,045</b>	5,130
United States dollars	<b>4,264</b>	2,461
	<b>6,309</b>	7,591

## 14. OTHER PAYABLES AND ACCRUALS

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Other payables and accruals	<b>187</b>	163

The carrying amounts of other payables and accruals approximated their fair values as at 31 March 2016 and 2015 and were denominated in Hong Kong dollars.

## 15. SHARE CAPITAL

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	<b>100,000</b>	100,000
Issued and fully paid:		
172,800,000 ordinary shares of HK\$0.10 each	<b>17,280</b>	17,280

# Notes to the Financial Statements

For the year ended 31 March 2016

## 16. RESERVES

	<b>Share premium</b>	<b>Accumulated losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	37,786	(8,110)	29,676
<b>Total comprehensive loss</b>			
Net profit for the year	–	1,131	1,131
At 31 March 2015	37,786	(6,979)	30,807
<b>Total comprehensive loss</b>			
Net loss for the year	–	(11,922)	(11,922)
<b>At 31 March 2016</b>	<b>37,786</b>	<b>(18,901)</b>	<b>(18,885)</b>

### (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 is to maintain the ability to continue as a going concern, while providing a platform for shareholders returns. The Company also aim to preserve an optimal capital structure to minimize 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 2016 and 2015.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 18. OPERATING LEASE COMMITMENT

The Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:-

	<b>As at 31/3/2016 HK\$'000</b>	As at 31/3/2015 HK\$'000
Not later than one year	<b>297</b>	236

## 19. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the following information:

	<b>As at 31/3/2016</b>	As at 31/3/2015
Net assets (HK\$'000)	<b>36,165</b>	48,087
Number of ordinary share in issue ('000)	<b>172,800</b>	172,800

## 20. DIVIDENDS

The directors of the Company do not recommend the payment of dividend for the year ended 31 March 2016 (2015: Nil).

## 21. (LOSS)/PROFIT PER SHARE

The calculation of profit/(loss) per share is based on the following information:

	<b>2016 HK\$'000</b>	2015 HK\$'000
Net (loss)/profit attributable to shareholders	<b>(11,922)</b>	1,131

  

	<b>2016</b>	2015
Number of weighted average of ordinary shares in issue ('000)	<b>172,800</b>	172,800

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## 22. RELATED PARTY TRANSACTIONS

During the year, save for those parties referred to as connected transactions in the report of the directors and disclosed elsewhere in notes to the financial information, the Company paid rental expenses and traded listed securities through a securities account maintained with a related company, 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 (2015: HK\$24,000) for the provision of investment management services to the Company.

Details of related party transactions as below:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Investment manager fee paid to a related company	<b>288</b>	288
Rental expenses paid to a related company	<b>406</b>	340

GIS is regarded as connected person of the Company under Rule 14A.08 of the Listing Rules. Accordingly, the transactions also constitute continuing connected transactions for the Company.

## 23. SHARE OPTION SCHEME

The Company does not maintain any share option scheme during the year.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 24. FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets as at 31 March 2016

	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	-	-	25,456	25,456
Listed equity investments	3,818	-	-	3,818
Deposits and other receivables	-	594	-	594
Cash and cash equivalents	-	6,309	-	6,309
	<b>3,818</b>	<b>6,903</b>	<b>25,456</b>	<b>36,177</b>

### Financial assets as at 31 March 2015

	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	-	-	26,580	26,580
Listed equity investments	517	-	-	517
Deposits and other receivables	-	13,385	-	13,385
Cash and cash equivalents	-	7,591	-	7,591
	<b>517</b>	<b>20,976</b>	<b>26,580</b>	<b>48,073</b>

# Notes to the Financial Statements

For the year ended 31 March 2016

## 24. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial liabilities as at 31 March 2016

	Financial liabilities at amortised cost HK\$'000
Other payables and accruals	187

Financial liabilities as at 31 March 2015

	Financial liabilities at amortised cost HK\$'000
Other payables and accruals	163

## 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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## 25. FINANCIAL RISKS MANAGEMENT *(continued)*

### (i) Credit risks *(continued)*

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. At 31 March 2016, if Renminbi had strengthen/weaken by 7% (2015: 1%) against the Hong Kong dollars with all other variables held constant, loss for the year would have been HK\$551,415 (2015: HK\$78,774) higher/lower, mainly as a result of foreign exchange losses/gains on translation of Renminbi-denominated net assets, representing available-for-sale investments.

### (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.

### (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.

	2016 HK\$'000	2015 HK\$'000
Less than one year		
– Other payables and accruals	187	163



# Notes to the Financial Statements

For the year ended 31 March 2016

## 25. FINANCIAL RISKS MANAGEMENT *(continued)*

### (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 2015. 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:-

	<b>31 March 2016</b>	<b>High/low 2016</b>	31 March 2015	High/low 2015
Hong Kong – Hang Seng Index	<b>20,777</b>	<b>28,589/ 18,279</b>	24,901	25,363/ 21,680

The following table demonstrates the sensitivity to every 28% (2015: 8%) 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 2016.

	<b>Carrying amount of equity investments</b>	<b>Increase/ decrease in equity</b>
	HK\$'000	HK\$'000
<b>2016</b>		
Investments listed in:		
Hong Kong – Investments at fair value through profit or loss	<b>3,818</b>	<b>1,077</b>
<b>2015</b>		
Investments listed in:		
Hong Kong – Investments at fair value through profit or loss	517	44

# Notes to the Financial Statements

For the year ended 31 March 2016

## 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 table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair values measured using the inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: fair values measured using the inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	<i>Note</i>	<b>Level 1</b> HK\$'000	<b>Level 2</b> HK\$'000	<b>Level 3</b> HK\$'000	<b>Total</b> HK\$'000
<b>As at 31 March 2016</b>					
Investments at fair value					
through profit or loss	11	3,818	–	–	3,818
<b>As at 31 March 2015</b>					
Investments at fair value					
through profit or loss	11	517	–	–	517

During the year, the Company did not have any level 2 or level 3 financial instruments (2015: Nil).

### Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These financial instruments are included in level 1. Instruments included in level 1 comprise primarily HSI and HHI equity investments classified as trading securities.

## 27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 8 June 2016.

# Five-Year Financial Summary

For the year ended 31 March 2016

	<b>2016</b> <b>HK'000</b>	2015 HK'000	2014 HK'000	2013 HK'000	2012 HK'000
<b>RESULTS</b>					
(Loss)/Gain on investments	<b>(1,349)</b>	117	155	1,003	250
Profit/(Loss) before taxation	<b>(11,922)</b>	1,131	(3,876)	(2,289)	(1,648)
Taxation	-	-	-	-	-
Profit/(Loss) attributable to equity holders of the Company	<b>(11,922)</b>	1,131	(3,876)	(2,289)	(1,648)
<b>ASSETS AND LIABILITIES</b>					
Total assets	<b>36,352</b>	48,250	47,105	51,016	53,292
Total liabilities	<b>(187)</b>	(163)	(149)	(184)	(171)
Equity attributable to equity holders of the Company	<b>36,165</b>	48,087	46,956	50,832	53,121
<b>NET ASSET VALUE PER SHARE</b>	<b>HK\$0.21</b>	HK\$0.28	HK\$0.27	HK\$0.29	HK\$0.31