
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Grand Investment International Ltd., you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompany Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Form of Acceptance.

BLUE CANARY CONSULTING GROUP LIMITED
(Incorporated in Samoa with limited liability)



大唐投資國際有限公司*
GRAND INVESTMENT INTERNATIONAL LTD.
(Incorporated in Bermuda with limited liability)
(Stock Code: 1160)

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER JOINTLY BY
CONVOY INVESTMENT SERVICES LIMITED AND
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF BLUE CANARY CONSULTING GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
GRAND INVESTMENT INTERNATIONAL LTD.
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
BLUE CANARY CONSULTING GROUP LIMITED,
RENOWN FUTURE LIMITED AND TREASURE ISLE GLOBAL LIMITED)**

**Financial adviser to the Offeror,
Renown Future Limited and Treasure Isle Global Limited**



Independent Financial Adviser to the Independent Board Committee



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Convoy Investment and Lego Securities containing, among other things, details of the terms of the Offer is set out on pages 7 to 19 of this Composite Document.

A letter from the Board is set out on pages 20 to 25 of this Composite Document. A letter from the Independent Board Committee is set out on pages 26 to 27 of this Composite Document. A letter from Independent Financial Adviser, containing its advice to the Independent Board Committee, is set out on pages 28 to 46 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar as soon as possible and in any event no later than 4:00 p.m. on Friday, 26 May 2017 or such later time and/or the date as the Offeror may decide and announce with the consent of the Executive, in accordance with the requirements under the Takeovers Code.

The Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.grandinvc.com> as long as the Offer remains open.

5 May 2017

* for identification purposes only

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

All time and date references contained in this Composite Document refer to Hong Kong time and dates.

Event	Time & Date
Despatch date of this Composite Document and the Form of Acceptance (<i>Note 1</i>)	Friday, 5 May 2017
Offer opens for acceptance (<i>Note 1</i>)	Friday, 5 May 2017
Latest time and date for acceptance of the Offer on the Closing Date (<i>Note 2</i>)	4:00 p.m. on Friday, 26 May 2017
Announcement of the results of the Offer as at the Closing Date on the website of the Stock Exchange (<i>Note 2</i>)	not later than 7:00 p.m. on Friday, 26 May 2017
Latest date for posting of remittances in respect of valid acceptances received under the Offer (<i>Note 2 & 3</i>)	Wednesday, 7 June 2017

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Friday, 26 May 2017 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued on the website of the Stock Exchange by 7:00 p.m. on the Closing Date, stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Closing Date or the date for posting of remittances and it has (i) not been cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) been cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer or the posting of remittances will remain at 4:00 p.m. on the same Business Day.

EXPECTED TIMETABLE

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt of all relevant documents (receipt of which renders such acceptance complete and valid) in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "5. Right of withdrawal" in Appendix I to this Composite Document.

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

NOTICE TO HOLDERS OUTSIDE HONG KONG

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transferor other taxes or other required payments due in respect of such jurisdiction. The Offeror and parties acting in concert with it, the Company, Convoy Investment, Lego Securities, Lego Corporate Finance, TC Capital, the Registrar, their respective ultimate beneficial owners, directors, officers, professional advisers, agents and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the section headed "7. Overseas Shareholders" in Appendix I to this Composite Document for further details.

DEFINITIONS

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, those defined terms are not included in the table below:

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“associate(s)”	has the same meaning as ascribed to it under the Takeovers Code
“Billion Sky”	Billion Sky Limited, the 59.55% of its issued share capital is beneficially owned by Win Key
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	26 May 2017, being the closing date of the Offer, which is 21 days after the date on which this Composite Document is posted or any subsequent closing date(s) as may be determined and announced with the consent of the Executive
“Company”	Grand Investment International Ltd., a company incorporated in the Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1160)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document in respect of the Offer jointly issued by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code
“Concert Group”	the Offeror, Renown Future, Treasure Isle Global and parties acting in concert with any of them

DEFINITIONS

“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules and the term “connected” shall be construed accordingly
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Convoy Investment”	Convoy Investment Services Limited, a licensed corporation to carry out in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Director(s)”	director(s) of the Company
“Dr. Chan”	Dr. Chan Man Fung (陳文鋒)
“Executive”	has the same meaning as ascribed to it under the Takeovers Code
“First Vendor”	Mr. Lee Tak Lun, a controlling shareholder of the Company prior to Completion and one of the Vendors. He is the father of Ms. Lee Wai Tsang, Rosa and Mr. Lee Wai Wang, Robert, both being executive Directors
“Form of Acceptance”	the form of acceptance and transfer of Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising all of the independent non-executive Directors, namely Mr. Lu Fan, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai, established by the Company to make recommendation to the Independent Shareholders in relation to the Offer

DEFINITIONS

“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, who has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer
“Independent Shareholders”	Shareholders other than the Concert Group
“Jumbo China”	Jumbo China Holdings Limited, the entire issued capital of which is beneficially owned as to 79.31% by Billion Sky
“Joint Announcement”	the announcement jointly issued by the Offeror and the Company dated 31 March 2017 in relation to, among other things, the Offer
“Last Trading Day”	24 March 2017, being the last full trading day of the Shares immediately prior to the halt in trading of the Shares on the Stock Exchange pending the release of the Joint Announcement
“Latest Practicable Date”	2 May 2017, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, who has been appointed as the financial adviser to the Offeror, Renown Future and Treasure Isle Global
“Lego Securities”	Lego Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. He”	Mr. He Luling (賀魯玲)

DEFINITIONS

“Mr. Ji”	Mr. Ji Qiang (季強)
“Mr. Li”	Mr. Li Bohan (李博翰)
“Mr. Liu”	Mr. Liu Wei (劉瑋)
“Mr. Wang”	Mr. Wang He (王賀)
“Mr. Yan”	Mr. Yan Xu (嚴旭)
“Mr. Zhang”	Mr. Zhang Jianming (張劍鳴)
“Offer”	the mandatory unconditional cash offer to be jointly made by Convoy Investment and Lego Securities for and on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code
“Offer Period”	the period commenced since 28 February 2017, being the date of first issuance of an announcement by the Company in relation to the Offer under Rule 3.7 of the Takeovers Code and up to and including the Closing Date
“Offer Price”	the price at which offer for each of the Offer Share will be made, being HK\$1.820 per Offer Share
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror, Renown Future and Treasure Isle Global
“Offeror”	Blue Canary Consulting Group Limited, a company incorporated in Samoa with limited liability and is wholly-owned by Dr. Chan
“Overseas Shareholder(s)”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China
“Purchasers”	the Offeror, Renown Future and Treasure Isle Global

DEFINITIONS

“Registrar”	the Hong Kong branch share registrar of the Company, Boardroom Share Registrars (HK) Limited, at 31/F, 148 Electric Road, North Point, Hong Kong
“Relevant Period”	the period from 28 August 2016, being the date falling six (6) months prior to 28 February 2017 (the date of commencement of the Offer Period), and ending on and including the Latest Practicable Date
“Renown Future”	Renown Future Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued capital of which is beneficially owned as to 20% by Mr. Wang, 20% by Mr. Liu, 20% by Mr. Yan, 20% by Mr. Ji and 20% by Mr. He
“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 March 2017 entered into between the Vendors and the Purchasers in relation to the sale and purchase of the Sale Shares
“Sale Shares”	an aggregate of 117,540,000 Shares acquired by the Purchasers pursuant to the Sale and Purchase Agreement, which represents approximately 68.02% of the total issued share capital of the Company as at the Latest Practicable Date
“Second Vendor”	Grand Finance Group Company Limited, a company incorporated in Hong Kong, the entire issued capital of which is beneficially owned as to 58% by Jumbo China, 28% by Bright Pearl Limited and 14% by Win Key
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Third Vendor”	Optimize Capital Investments Limited, a company incorporated in the British Virgin Islands and is wholly-owned by the First Vendor
“Treasure Isle Global”	Treasure Isle Global Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued capital of which is beneficially owned as to 50% by Mr. Li and 50% by Mr. Zhang
“Vendors”	the First Vendor, the Second Vendor and the Third Vendor
“Win Key”	Win Key Investments Limited, which is wholly-owned by the First Vendor
“%”	per cent

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES



21/F, Tesbury Centre,
24-32 Queen's Road East,
Wanchai, Hong Kong



Room 804, 8/F., Jubilee Centre,
46 Gloucester Road,
Wanchai, Hong Kong

5 May 2017

To the Independent Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER JOINTLY BY
CONVOY INVESTMENT SERVICES LIMITED AND
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF
BLUE CANARY CONSULTING GROUP LIMITED TO
ACQUIRE ALL THE ISSUED SHARES OF
GRAND INVESTMENT INTERNATIONAL LTD.
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
BLUE CANARY CONSULTING GROUP LIMITED,
RENOWN FUTURE LIMITED AND
TREASURE ISLE GLOBAL LIMITED)**

INTRODUCTION

Reference is made to the Joint Announcement. As disclosed in the Joint Announcement, the Vendors and the Purchasers entered into the Sale and Purchase Agreement on 27 March 2017 (before trading hours), pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase the Sale Shares, being 117,540,000 Shares in aggregate, representing approximately 68.02% of the entire issued share capital of the Company as at the Latest Practicable Date, for a consideration of HK\$213,922,800 in total, equivalent to HK\$1.820 per Sale Share, of which the Offeror agreed to acquire 3,456,042 Sale Shares, representing approximately 2.00% of the entire issued share capital of the Company as at the Latest Practicable Date. Completion took place on 27 March 2017, being the same day of the signing of the Sale and Purchase Agreement.

Immediately following Completion and as at the Latest Practicable Date, the Concert Group were interested in 117,540,000 Shares in aggregate, representing approximately 68.02% of the total number of the issued Shares. Pursuant to Rule 26.1 of the Takeovers Code, the Purchasers are required to make a mandatory unconditional cash offer for all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror, Renown Future and Treasure Isle Global).

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

This letter forms part of this Composite Documents and sets out, among other things, the principal terms of the Offer, together with the information on the Concert Group and the Concert Group's intention regarding the Group. Further details of the terms of the Offer and procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Independent Financial Adviser" as set out in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

MANDATORY UNCONDITIONAL CASH OFFER

As at the Latest Practicable Date, there were 172,800,000 Shares in issue. The Company did not have other classes of securities, derivatives, warrants or other securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Principal terms of the Offer

Convoy Investment and Lego Securities, for and on behalf the Offeror and in compliance with the Takeovers Code, hereby jointly make the Offer to acquire all the Offer Shares in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$1.820 in cash

The Offer Price of HK\$1.820 per Offer Share is the same as the purchase price of HK\$1.820 per Sale Share under the Sale and Purchase Agreement, which was arrived at after arm's length negotiations between the Purchasers and the Vendors.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges and encumbrance and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. The Offer is extended to all Shareholders other than the Offeror, Renown Future and Treasure Isle Global in accordance with the Takeovers Code.

The Offer is unconditional in all respects.

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

Comparisons of value

The Offer Price of HK\$1.820 per Share represents:

- (i) a premium of approximately 102.2% over the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on 27 February 2017 (being the last trading day prior to commencement of the Offer Period);
- (ii) a premium of approximately 5.8% over the closing price of HK\$1.72 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 5.8% over the average closing price of approximately HK\$1.72 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately up to and including the Last Trading Day;
- (iv) a premium of approximately 5.8% over the average closing price of approximately HK\$1.72 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately up to and including the Last Trading Day;
- (v) a premium of approximately 30.6% over the average closing price of approximately HK\$1.394 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately up to and including the Last Trading Day;
- (vi) a premium of approximately 1.1% over the closing price of approximately HK\$1.80 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 911.1% over the net asset value per Share of approximately HK\$0.18, calculated based on the unaudited consolidated net asset value of the Company as at 31 March 2017, divided by the total number of issued Shares as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.81 per Share on 26 April 2017 to 27 April 2017; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.72 per Share from 29 August 2016 to 1 September 2016.

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

Value of the Offer

As at the Latest Practicable Date, there were 172,800,000 Shares in issue. The Company did not have other classes of securities, derivatives, warrants or other securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

As at the Latest Practicable Date, excluding the 117,540,000 Shares held by the Concert Group, the number of Shares subject to the Offer was 55,260,000. Assuming that there is no change in the issued share capital of the Company and based on the Offer Price of HK\$1.820 per Offer Share for 55,260,000 Offer Shares, the Offer would be valued at approximately HK\$100,573,200.

Confirmation of financial resources

The Offeror intends to finance and satisfy the consideration payable by the Offeror under the Offer by an unsecured loan facility granted by Convoy Investment to the Offeror pursuant to a facility agreement. The payment of interest on, repayment of or security for any liability (contingent or otherwise) under the unsecured loan facility granted by Convoy Investment will not depend any significant extent on the business of the Group.

Lego Corporate Finance, the financial adviser to the Offeror, Renown Future and Treasure Isle Global in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the amount of funds required for full acceptance of the Offer.

Dealing and interest in the Company's securities

Save for the acquisition of the Sale Shares, the Concert Group has not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

FURTHER TERMS OF THE OFFER

Effect of accepting the Offer

By validly accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, charges and encumbrance and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, within seven business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Lego Corporate Finance, Convoy Investment, Lego Securities and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the sole responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such overseas jurisdictions).

The attention of Independent Shareholders with registered addresses outside Hong Kong is also drawn to the section headed “7. Overseas Shareholders” in Appendix I to this Composite Document.

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

INFORMATION ON THE PURCHASERS

The Offeror is a company incorporated in Samoa with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, save for entering into the Sale and Purchase Agreement and entering into the facility agreement with Convoy Investment in relation to the Offer, the Offeror did not engage in any other business activities.

As at the Latest Practicable Date, the Offeror was wholly owned by Dr. Chan who was the sole director of the Offeror. Dr. Chan obtained his doctorate degree in Business Administration from Warnborough College, Ireland in 2016 and received his Postgraduate Diploma in Legal Practice from the University of Oxford, England in 2011. He was graduated from the University of London with a bachelor degree of Laws in 2007 and from The Hong Kong Polytechnic University with a bachelor degree of Arts with a major in Business Studies in 2006. Dr. Chan is currently a practicing chartered legal executive lawyer in England. Dr. Chan was a licensed person for types 1, 2, 4 and 9 regulated activities under the SFO and currently is the director and the substantial shareholder of a corporation licensed by the SFC to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Dr. Chan has extensive experience in corporate finance and the legal and financial services fields both in PRC and Hong Kong and was involved in several merger and acquisition transactions and initial public offerings.

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

Renown Future is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, save for entering into the Sale and Purchase Agreement, Renown Future did not engage in any other business activities. As at the Latest Practicable Date, the entire issued capital of Renown Future was beneficially owned as to 20% by Mr. Wang, 20% by Mr. Liu, 20% by Mr. Yan, 20% by Mr. Ji and 20% by Mr. He who was the sole director of Renown Future.

Mr. Wang has extensive experience in real estate and commercial trade in the PRC. He has served as a general manager for a real estate enterprises in the PRC for over 10 years. As at the Latest Practicable Date, Mr. Wang was a senior business manager of a private commercial trade company in the PRC to provide advice and support in business development and project investment in the PRC.

Mr. Liu has extensive experience in corporate management in international trading and logistics fields. As at the Latest Practicable Date, Mr. Liu was a managing director of a private company engaged in providing international trading and logistics services in the PRC.

Mr. Yan obtained his bachelor degree from Renmin University of China (中國人民大學) and has extensive experience in general corporate management. Over the past 6 years, Mr. Yan has served as a senior manager for several enterprises in the PRC. As at the Latest Practicable Date, Mr. Yan was a managing director of a private company engaged in food and beverage management business mainly in the PRC.

Mr. Ji has extensive experience in corporate banking and credit risk management. From 2002 to 2015, Mr. Ji has served as a sub-branch manager for the department of the credit marketing and risk management of Shanghai Pudong Development Bank (上海浦東發展銀行) in the PRC. Since 2015, Mr. Ji has been employed by a private investment company in the PRC as a managing director to provide advice and support to investors entering and expanding into the PRC market.

Mr. He has extensive experience in marketing, public relations and the news and media industry. Mr. He has gained his honor as a national level photographer and director (國家一級攝影師兼導演) in the PRC and served for a prominent television station in the PRC for over 29 years. Since 2005, Mr. He is a founder and a chairman of a private media company in the PRC.

Treasure Isle Global is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, save for entering into the Sale and Purchase Agreement, Treasure Isle Global did not engage in any other business activities. As at the Latest Practicable Date, the entire issued capital of Treasure Isle Global was beneficially owned as to 50% by Mr. Zhang and 50% by Mr. Li who was also the sole director of Treasure Isle Global.

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

Mr. Zhang has extensive experience in the investment fund management in the PRC. Mr. Zhang has worked for a fund investment management company in the PRC as a general manager for over 10 years to help the said company develop and grow its project investments in both the PRC and Hong Kong.

Mr. Li obtained his bachelor degree in financial engineering from the University of Science and Technology Beijing (北京科技大學) in the PRC. Mr. He has extensive experience in financial services industry in the PRC. Mr. Li has worked for Cinda Securities Company Limited (信達證券股份有限公司) for over 4 years. Since 2015, Mr. Li has been a founder of private enterprises in the PRC engaged in cross-border investment and financial management projects, primarily in Hong Kong and the PRC and other emerging markets.

INTENTION OF THE CONCERT GROUP REGARDING THE COMPANY

Following the close of the Offer, it is the intention of the Concert Group that the Company will continue to focus on the development of its existing business, namely, investing in listed and unlisted enterprises established in Hong Kong, the PRC and the United States of America and does not intend to introduce any major changes to the existing investment of the Company (including redeployment of fixed assets of the Group) immediately after the Completion and the Offer. The Concert Group will regularly review the investments and financial position of the Company for the purpose of formulating investment plans and strategies for the future investment of the Company.

Save for the changes in the composition of the Board as detailed below and a change in the company secretary, the Concert Group has no intention to discontinue the employment of the employees, including the existing investment manager of the Company or to dispose of or re-deploy the assets of the Company other than those in its ordinary course of business. The Offer Shares to be tendered by the Independent Shareholders upon valid acceptance of the Offer will be retained by the Offeror. In case there is less than 25% of the Shares held by the public following the close of the Offer, the Offeror will place down the Shares held by it in order that there will be 25% of the issued Shares held by the public.

PROPOSED CHANGE OF BOARD COMPOSITION

As at the Latest Practicable Date, the Board is made up of six Directors, comprising three executive Directors (being Ms. Lee Wai Tsang Rosa, Dr. Huang Zhijian and Mr. Lee Wai Wang, Robert) and three independent non-executive Directors (being Mr. Lu Fan, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai).

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

It is intended that, save for Ms. Lee Wai Tsang Rosa, all of the existing Directors as mentioned below will resign from the Board which would be effective immediately after the close of the Offer or at the earliest time permitted under the Takeovers Code:

- (i) Dr. Huang Zhijian;
- (ii) Mr. Lee Wai Wang, Robert;
- (iii) Mr. Lu Fan;
- (iv) Dr. Chow Yunxia, Carol; and
- (v) Mr. Lam Chi Wai.

The investment committee (the “Investment Committee”) established by the Board is mainly responsible for making investment decisions of the Company with the assistance from Grand Investment (Securities) Limited, being the existing investment manager of the Company. As disclosed on the Company’s website, the Investment Committee comprises of four members, being Mr. Huang Zhijian, Mr. Lee Tak Lun, Mr. Lee Wai Wang, Robert and Ms. Lee Wai Tsang Rosa. Ms. Lee Wai Tsang Rosa serves as the chairman of the Investment Committee and is responsible for serving as part of the routine investment decisions for the Company. Members of the Investment Committee together with Grand Investment (Securities) Limited is responsible for the investment decision making process to ensure proper check and balances. Upon close of the Offer, Ms. Lee Wai Tsang Rosa will remain and will continue to serve as the chairman of the Investment Committee. She will mainly be responsible for making investment decision on existing portfolio along with the Company’s investment manager, which is currently Grand Investment (Securities) Limited. Having regard to the Company’s current investment portfolio composition, the Company considers the resignation of Mr. Huang Zhijian and Mr. Lee Wai Wang, Robert will not affect the investment decision making process of the Company.

The Concert Group intends to nominate one non-executive Director and three independent non-executive Directors to the Board and such appointments will be subject to the approval of the Board and will not take effect earlier than the date of posting of this Composite Document or such other date as permitted under the Takeovers Code. Any appointments to the Board will be made in compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules.

Set out below are the biographic details of the above-mentioned nominees for appointment as non-executive Directors and independent non-executive Directors:

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

Biography of proposed non-executive Director to be nominated by the Concert Group

Mr. He has extensive experience in marketing, public relations and the news and media industry. Mr. He has gained his honor as a national level photographer and director (國家一級攝影師兼導演) in the PRC and served for a prominent television station in the PRC for over 29 years. Since 2005, Mr. He is a founder and a chairman of a private media company in the PRC. Mr. He beneficially owns 20% of the entire issued capital of Renown Future.

Biographies of proposed independent non-executive Directors to be nominated by the Concert Group

Ms. Ma Yin Fan, aged 53, obtained a bachelor's degree with honours in accounting from Middlesex University in the United Kingdom. She is also awarded the Master of Business Administration and Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and The Hong Kong Polytechnic University, respectively. Ms. Ma is a CPA (Practising) in Hong Kong and has been working in the auditing, accounting and taxation areas with more than 20 years of professional experience. She is the principal of Messrs. Ma Yin Fan & Company CPAs. Ms. Ma is the fellow member of each of The Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in the England and Wales, The Taxation Institute of Hong Kong, The Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She is also a Certified Tax Adviser in Hong Kong. Ms. Ma is currently an independent non-executive director of China Strategic Holdings Limited (Hong Kong Stock Code: 235) and NetMind Financial Holdings Limited (formerly known as CST mining Group Limited) (Hong Kong Stock Code: 985). She resigned as an independent non-executive director of G-Resources Group Limited (Hong Kong Stock Code: 1051) on 3 February 2017. Ms. Ma was the chairman of audit committee and remuneration committee, and an independent non-executive director of Lamtex Holdings Limited (formerly known as China New Energy Power Group Limited) (Hong Kong Stock Code: 1041). The shares of the abovementioned companies are listed on the main board of the Stock Exchange.

Ms. Yan Yan, aged 37, obtained a bachelor's degree in management from Shanxi University of Finance & Economics in the PRC in June 2001. She also obtained the Master in Law from Nankai University in the PRC in July 2012. Ms. Yan has been qualified as a lawyer in the PRC in December 2007. Ms. Yan worked as a practicing lawyer at Elite Law Office in Tianjin (天津賢達律師事務所) from June 2005 to February 2012 and has been a senior partner since 2012. She worked as the head of law of Tianjin Pengtian Liquidation Limited* (天津市鵬天清算事務有限公司) from September 2003 to June 2005. Ms. Yan was a manager of law of Tianjin Municipal & Highway Engineering Company Limited* (天津市政公路工程有限公司) from August 2001 to September 2003. Ms. Yan has extensive experience acting as legal adviser for investment and finance companies in the PRC.

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

Mr. Xu Yanfa, aged 54, has over 30 years of experience in pharmaceutical industry. Mr. Xu is currently the general manager of Tianjin Wanjia Pharmacy Company Limited* (天津市萬嘉製藥有限公司) since September 2005. He worked as a sale director of Beijing Tri-Prime Gene Pharmaceutical Company Limited and Beijing Xiehe Pharmaceutical Company Limited* (北京協和藥業) from February 2001 to September 2005 and April 1999 to February 2001, respectively. Mr. Xu was also a regional manager of Jiangsu Cuccess Pharmaceutical Company Limited (now known as Simcere Pharmaceutical Group) from October 1997 to March 1999.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Concert Group intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror will use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than 25% of the entire issued share capital in the Company be held by the public in compliance with the Listing Rules. The sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that, if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

The Offer Shares to be tendered by the Independent Shareholders upon valid acceptance of the Offer will be retained by the Offeror. In case there is less than 25% of the Shares held by the public following the close of the Offer, the Offeror will place down the Shares held by it in order that there will be 25% of the issued Shares held by the public.

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance of the Offer and its settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer. The attention of Independent Shareholders with registered addresses outside Hong Kong is also drawn to the section headed “7. Overseas Shareholders” in Appendix I to this Composite Document.

To accept the Offer, Independent Shareholders should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon. The Form of Acceptance forms part of the terms of the Offer. The duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) must be sent by post or by hand to the Registrar at 31/F, 148 Electric Road, North Point, Hong Kong in an envelope marked “Grand Investment International Ltd. – Offer” as soon as possible but in any event so as to reach the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code.

All documents and remittances to the Independent Shareholders will be sent by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or, in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of the Company. None of the Offeror, the Company, Convoy Investment, Lego Securities, Lego Corporate Finance, the Registrar or any of their respective directors or associates or professional advisers or any other party involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

LETTER FROM CONVOY INVESTMENT AND LEGO SECURITIES

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are reminded to read carefully the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offer

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,

For and on behalf of
Convoy Investment Services Limited
Edward Lai
Chief Executive Officer

For and on behalf of
Lego Securities Limited
Kelvin Li
Director

LETTER FROM THE BOARD



大唐投資國際有限公司*
GRAND INVESTMENT INTERNATIONAL LTD.

(incorporated in Bermuda with limited liability)

(Stock Code: 1160)

Executive Directors:

Ms. Lee Wai Tsang, Rosa (*Chairman*)
Dr. Huang Zhijian
Mr. Lee Wai Wang, Robert

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Dr. Chow Yunxia, Carol
Mr. Lam Chi Wai
Mr. Lu Fan

*Head office and principal place
of business:*

Unit A301, 32nd Floor
United Centre
95 Queensway
Hong Kong

5 May, 2017

To the Independent Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER JOINTLY BY
CONVOY INVESTMENT SERVICES LIMITED AND
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF
BLUE CANARY CONSULTING GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
GRAND INVESTMENT INTERNATIONAL LTD.
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY BLUE CANARY CONSULTING
GROUP LIMITED, RENOWN FUTURE LIMITED AND
TREASURE ISLE GLOBAL LIMITED)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to the Sale and Purchase Agreement and the completion of sale and purchase of the Sale Shares pursuant thereto. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

* *for identification purposes only*

LETTER FROM THE BOARD

On 27 March 2017, the Offeror, Renown Future and Treasure Isle Global, i.e. the Purchasers, entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase the Sale Shares, representing approximately 68.02% of the entire issued share capital of the Company as at the Latest Practicable Date, for a consideration of HK\$213,922,800 in total, equivalent to HK\$1.820 per Sale Share (being the Offer Price), of which the Offeror agreed to acquire 3,456,042 Sale Shares, representing approximately 2.00% of the entire issued share capital of the Company as at the Latest Practicable Date.

Completion took place on 27 March 2017, being the same day of the signing of the Sale and Purchase Agreement. Immediately after Completion and as at the Latest Practicable Date, the Concert Group were interested in a total of 117,540,000 Shares in aggregate, representing approximately 68.02% of the entire issued share capital of the Company, of which the Offeror owned 3,456,042 Sale Shares, representing approximately 2.00% of the entire issued share capital of the Company.

Pursuant to Rules 26.1 of the Takeovers Code, immediately following the Completion, the Purchasers are required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror, Renown Future and Treasure Isle Global).

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, on 30 March 2017, the Board established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lu Fan, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai, to make a recommendation to the Independent Shareholders in respect of the Offer, in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Pursuant to Rule 2.1 of the Takeovers Code, on 11 April 2017, TC Capital was appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer, and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer, and the letter from TC Capital containing its advice and recommendation to the Independent Board Committee in respect of the terms of the Offer and as to acceptance of the Offer.

LETTER FROM THE BOARD

MANDATORY UNCONDITIONAL CASH OFFER

As at the Latest Practicable Date, the Company had 172,800,000 Shares in issue, and the Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company which are convertible or exchangeable into Shares.

Principal terms of the Offer

As mentioned in the “Letter from Convoy Investment and Lego Securities” on pages 8 to 10 of this Composite Document, Convoy Investment and Lego Securities, for and on behalf of the Offeror, are making the Offer to all the Independent Shareholders for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror, Renown Future and Treasure Isle Global) in compliance with Rules 26.1 of the Takeovers Code on the following basis:

The Offer

For each Offer Share HK\$1.820 in cash

The Offer Price of HK\$1.820 per Offer Share is equal to the purchase price per Sale Share under the Sale and Purchase Agreement.

Further details of the Offer, including terms and procedures for acceptance and settlement of the Offer, are contained in the “Letter from Convoy Investment and Lego Securities” as set out on pages 7 to 19 of, and Appendix I to, this Composite Document and the accompanying Forms of Acceptance.

INFORMATION ON THE COMPANY

The Company is incorporated in Bermuda and is an investment holding company. The Company principally engages in investing in listed and unlisted enterprises established in Hong Kong, the PRC and the United States of America. The Company was listed on the Stock Exchange on 2 April 2004 pursuant to Chapter 21 of the Listing Rules.

LETTER FROM THE BOARD

The following table is a summary of certain financial information of the Company for the two financial years ended 31 March 2016 and the six months ended 30 September 2016 as extracted from the Company's annual report for the year ended 31 March 2016 and the interim report for the six months ended 30 September 2016 respectively:

	Year ended 31 March		For the six months ended
	2015	2016	30 September
	(audited)	(audited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain/(loss) on investments	117	(1,349)	332
Profit/(loss) before tax	1,131	(11,922)	(3,240)
Profit/(loss) after tax	1,131	(11,922)	(3,240)
	As at 31 March		As at
	2015	2016	30 September
	(audited)	(audited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	48,087	36,165	32,925

Further details of the Group are set out in Appendices II and IV to this Composite Document.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "Information on the Purchasers" in the "Letter from Convoy Investment and Lego Securities" as set out on pages 12 to 14 of this Composite Document, and Appendix III to this Composite Document.

FUTURE INTENTIONS OF THE CONCERT GROUP REGARDING THE GROUP

Your attention is drawn to the sections headed "Information on the Purchasers" and "Intention of the Concert Group regarding the Company" in the "Letter from Convoy Investment and Lego Securities" as set out on pages 12 to 14 of this Composite Document. The Board is aware of the Concert Group's intention in respect of the Company and the employees of the Group and is willing to co-operate with the Concert Group in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is stated in the “Letter from Convoy Investment and Lego Securities” on page 16 of this Composite Document that the Concert Group intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

The Stock Exchange stated that, if, at the closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or**
- (b) there are insufficient Shares in public hands to maintain an orderly market,**

it would consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offer Shares to be tendered by the Independent Shareholders upon valid acceptance of the Offer will be retained by the Offeror. In case there is less than 25% of the Shares held by the public following the close of the Offer, the Offeror will place down the Shares held by it in order that there will be 25% of the issued Shares held by the public.

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 26 to 27 of this Composite Document, which sets out its recommendation to the Independent Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof; and (ii) the “Letter from the Independent Financial Adviser” on pages 28 to 46 of this Composite Document, which sets out its advice and recommendation to the Independent Board Committee as to whether the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof, and the principal factors considered by it in arriving at its advice and recommendation.

The Independent Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
By Order of the Board
Grand Investment International Ltd.
Lee Wai Tsang, Rosa
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer.



大唐投資國際有限公司*

GRAND INVESTMENT INTERNATIONAL LTD.

(incorporated in Bermuda with limited liability)

(Stock Code: 1160)

5 May 2017

To the Independent Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER JOINTLY BY
CONVOY INVESTMENT SERVICES LIMITED AND
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF
BLUE CANARY CONSULTING GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
GRAND INVESTMENT INTERNATIONAL LTD.
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
BLUE CANARY CONSULTING GROUP LIMITED,
RENOWN FUTURE LIMITED AND
TREASURE ISLE GLOBAL LIMITED)**

INTRODUCTION

We refer to the composite offer and response document dated 5 May 2017 jointly issued by the Offeror and the Company (the “**Composite Document**”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in this Composite Document, unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you as to whether, in our opinion, the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof.

* for identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

TC Capital has been appointed as the independent financial adviser to advise us in respect of the terms of the Offer and as to acceptance thereof. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 28 to 46 of this Composite Document.

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Convoy Investment and Lego Securities” and the additional information set out in the appendices to this Composite Document.

RECOMMENDATION

Taking into account the terms of the Offer and the independent advice from TC Capital, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should monitor the Share price movement until near the end of the Offer Period. If the market price of the Shares exceeds the Offer Price and the sale proceeds net of all transaction costs exceed the net proceeds receivable under the Offer, the Independent Shareholders should consider selling their Shares in the open market instead of accepting the Offer.

Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” on pages 28 to 46 of this Composite Document.

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms and conditions of the Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. LU Fan
*Independent Non-executive
Director*

Dr. CHOW Yunxia, Carol
*Independent Non-executive
Director*

Mr. LAM Chi Wai
*Independent Non-executive
Director*

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from TC Capital, the Independent Financial Adviser to the Independent Board Committee, which has been prepared for the purpose of incorporation in this Composite Document, setting out its advice to the Independent Board Committee on the terms of the Offer.



5 May 2017

To the Independent Board Committee

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER JOINTLY BY
CONVOY INVESTMENT SERVICES LIMITED AND
LEGO SECURITIES LIMITED FOR AND
ON BEHALF OF BLUE CANARY CONSULTING GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
GRAND INVESTMENT INTERNATIONAL LTD.
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY
BLUE CANARY CONSULTING GROUP LIMITED,
RENOWN FUTURE LIMITED AND
TREASURE ISLE GLOBAL LIMITED)**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the Composite Document, of which this letter forms part. The capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 27 March 2017, the Vendors and the Purchasers (the Offeror, Renown Future Limited and Treasure Isle Global Limited) entered into the Sale and Purchase Agreement, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase the Sale Shares, being 117,540,000 Shares in aggregate, representing approximately 68.02% of the entire issued share capital of the Company as at the Latest Practicable Date, for a consideration of HK\$213,922,800 in total, equivalent to HK\$1.820 per Sale Share, of which the Offeror agreed to acquire 3,456,042 Sale Shares, representing approximately 2.00% of the entire issued share capital of the Company as at the Latest Practicable Date.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Completion took place on 27 March 2017, being the same day of the signing of the Sale and Purchase Agreement. Immediately following Completion and as at the Latest Practicable Date, the Concert Group were interested in 117,540,000 Shares in aggregate, representing approximately 68.02% of the total number of the issued Shares. Pursuant to Rule 26.1 of the Takeovers Code, immediately following the Completion, the Purchasers are required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror, Renown Future and Treasure Isle Global).

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lu Fan, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai, whom have no direct and indirect interest and involvement in the Offer, has been established pursuant to Rules 2.1 and 2.8 of the Takeovers Code to consider, and give advice and make a recommendation to the Independent Shareholders in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and whether to accept the Offer, taking into account the recommendation of the Independent Financial Adviser.

We have been appointed pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the terms of the Offer are fair and reasonable and whether to accept the Offer. As at the Latest Practicable Date, we did not have any relationships with or interests in the Company or the Offeror, their respective substantial shareholders or any parties acting in concert with any of them or any other parties that could reasonably be regarded as relevant to the independence of us.

BASIS OF OUR ADVICE

In formulating our advice and recommendations, we have considered, among other things, (i) the Composite Document; (ii) the Sale and Purchase Agreement; (iii) the annual reports of the Company for the two years ended 31 March 2015 and 2016 (the “**2015 Annual Report**” and “**2016 Annual Report**”) and the interim report of the Company for the six months ended 30 September 2016 (the “**2016 Interim Report**”); and (iv) relevant market data and information available from public sources and the website of the Stock Exchange. We have also relied on all relevant information and representations supplied, and the opinions expressed, by the Directors and the representatives of the Company.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We have assumed that all such information, opinions, facts and representations contained or referred to in the Composite Document were true and accurate in all material respects as at the date thereof. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Composite Document have been arrived at after due and careful consideration and there are no material facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading. We have no reason to doubt the truth, accuracy and completeness of the information, opinions, facts and representations provided to us by the Directors and the representatives of the Company, and they have confirmed that no material information have been withheld or omitted from the information provided and referred to in the Composite Document, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view, to justify our reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, nor have we conducted an independent investigation into the business affairs, operations, financial position or future prospects of each of the Company, the Directors and the Concert Group.

We have not considered the tax implications on the Independent Shareholders in respect of the Offer since these depend on their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. The Independent Shareholders who are overseas residents or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE OFFER

In arriving at our opinion and recommendation, we have considered the following principal factors and reasons:

1. Information of the Group

The Company is principally engaged in investing in listed and unlisted enterprises established in Hong Kong, the PRC and the United States of America.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Financial information

The tables below are certain financial information of the Group for the three years ended 31 March 2016 (“FY2013-14”, “FY2014-15” and “FY2015-16”, respectively) and the six months ended 30 September 2015 and 2016 (“HY2015” and “HY2016”, respectively) as extracted from the 2015 Annual Report, the 2016 Annual Report and the 2016 Interim Report:

	FY2013-14	FY2014-15	FY2015-16	HY2015	HY2016
	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Gain/(loss) on investments	155	117	(1,349)	(1,452)	332
Other revenues	2,002	11,976	35	18	11
Impairment loss on available- for-sale investments	(2,349)	(7,802)	(7,325)	–	(2,067)
(Loss)/profit for the year/period	(3,876)	1,131	(11,922)	(3,092)	(3,240)
				As at	
		As at 31 March		30 September	
	2014	2015	2016	2016	
	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>	
	(Audited)	(Audited)	(Audited)	(Unaudited)	
Net asset value attributable to Shareholders	46,956	48,087	36,165	32,925	

Source: the 2015 Annual Report, the 2016 Annual Report and the 2016 Interim Report

Variation of gain/loss on investments

We note from the table above that the gain on investments of the Group decreased to approximately HK\$0.1 million during FY2014-15 from approximately HK\$0.2 million during FY2013-14 mainly because the Group did not have income derived from dividend. The Group recorded a loss on investments of approximately HK\$1.3 million during FY2015-16 mainly due to unrealized loss on investment at fair value. The Group turned a loss on investments of approximately HK\$1.5 million during HY2015 into a gain on investments of approximately HK\$0.3 million during HY2016 mainly due to the return of equity investment.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Variation of other revenues

Other revenues of the Group recorded approximately HK\$2 million during FY2013-14 mainly due to cash distribution from the investment of limited partnerships, CMHJ Technology Fund II, L.P (“**CMHJ**”), which principally engaged in venture capital investments. Other revenues of the Group further increased to approximately HK\$12.0 million during FY2014-15 primarily caused by the cash distribution of approximately HK\$11.4 million from the subsidiary of Lot Software Systems International Limited (“**Lot Software**”), which principally engaged in software enterprise services on application software project developer and product research, invested by the Group. Other revenues of the Group recorded approximately HK\$35,000, HK\$18,000 and HK\$11,000 for the FY2015-16, HY2015 and HY2016 respectively, which mainly contributed by interest income from the bank deposits.

Variation of impairment loss on available-for-sale investments

The Group recorded an impairment loss of approximately HK\$2.3 million on investment in limited partnerships, Project Carmel L.P., which principal business was investing in real estate in Macau, in FY2013-14. The entire interest in Project Carmel L.P. was divested by the Group the year after. The cost of Project Carmel was sold for a total consideration of approximately HK\$9.3 million with original cost of approximately HK\$7.8 million. The Group recorded an impairment loss of approximately HK\$7.8 million during FY2014-15 mainly due to accounting impairment loss on available-for-sale investments associated with Lot Software and MBP Software Group Holdings Limited (“**MBP Software**”) as part of the restructuring of their companies. The investment was then divested at approximately HK\$11.4 million with original cost of approximately HK\$7.8 million. The Group recorded impairment loss on available-for-sale investments of approximately HK\$7.3 million for FY2015-16 due to significant write-down taken by CMHJ within the fund portfolio. The Group did not record any impairment loss on available-for-sale investments for HY2015, but approximately HK\$2.1 million of impairment loss on available-for-sale investments was recorded for HY2016 as a result of the provision on the impairment of CMHJ for the period.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Variation of (loss)/profit for the year/period

For the year of FY2013-14, the Group recorded a loss of approximately HK\$3.9 million mainly due to the impairment loss of approximately HK\$2.3 million on investment in Project Carmel L.P. and administrative expense, offset by the cash dividend of approximately HK\$2 million from CMHJ. For the year of FY2014-15, the Group recorded a profit of approximately HK\$1.1 million mainly due to the cash distribution of approximately HK\$11.4 million from the investment associated with Lot Software and MBP Software, offset by the impairment loss of approximately HK\$7.8 million from the investment. For the period of FY2015-16, the Group recorded a loss of approximately HK\$11.9 million mainly due to the impairment loss of approximately HK\$7.3 million from CMHJ. The Group recorded a loss of approximately HK\$3.1 million for HY2015 mainly due to the administrative expense. An impairment provision of approximately HK\$2.1 million on the investment of CMHJ was recorded which resulted to the loss of approximately HK\$3.2 million for HY2016.

Variation of net asset value attributable to Shareholders

Net asset value attributable to Shareholders increased from approximately HK\$47.0 million as at 31 March 2014 to approximately HK\$48.1 million at 31 March 2015, representing an approximately 2.4% increase. Such increase was mainly attributable to the increase of distribution income receivables. The Group recorded net asset value attributable to Shareholders of approximately HK\$36.2 million as at 31 March 2016, decreasing by approximately 24.8% as compared to the net asset value attributable to Shareholders of approximately HK\$48.1 million as at 31 March 2015, mainly due to loss on investments and impairment loss on available-for-sale investment made during the year. Net asset value attributable to Shareholders of the Group further decreased to approximately HK\$32.9 million as at 30 September 2016.

Based on the historical financial information of the Group, we noted that the performance of the Group varied for the three years ended 31 March 2016 while the Group recorded a gain in FY2014-15 and a loss in each of FY2013-14 and FY2015-16. During the three years ended 31 March 2016, the Group recorded a gain of approximately HK\$3.6 million from the investment in Lot Software in FY2014-15 (the Group invested in Lot Software in the year of 2009 and disposed in FY2015-16) and received a distribution income from CMHJ in FY2013-14 and recorded an impairment loss of approximately HK\$7.3 million in FY2015-16. The performance of the Group was mainly driven by the performance of its investment portfolio, which is based on market condition, change in investment trends, and overall economic conditions, which collectively dictates the future prospect of the companies that the Group invested. Based on above consideration, we are of the view that the future prospect of the Group is uncertain.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

2. Information on the Concert Group and its intentions regarding the future of the Group

Information on the Concert Group

As stated in the Letter from Convoy Investment and Lego Securities contained in the letter from the Board (the “**Letter from Convoy Investment and Lego Securities**”), Renown Future is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, save for entering into the Sale and Purchase Agreement, Renown Future did not engage in any other business activities. As at the Latest Practicable Date, the entire issued capital of Renown Future is beneficially owned as to 20% by Mr. Wang, 20% by Mr. Liu, 20% by Mr. Yan, 20% by Mr. Ji and 20% by Mr. He who is also the sole director of Renown Future.

Mr. Wang has extensive experience in real estate and commercial trade in the PRC. He has served as a general manager for a real estate enterprises in the PRC for over 10 years. Currently, Mr. Wang is a senior business manager of a private commercial trade company in the PRC to provide advice and support in business development and project investment in the PRC.

Mr. Liu has extensive experience in corporate management in international trading and logistics fields. Currently, Mr. Liu is a managing director of a private company engaged in providing international trading and logistics services in the PRC.

Mr. Yan obtained his bachelor degree from Renmin University of China (中國人民大學) and has extensive experience in general corporate management. Over the past 6 years, Mr. Yan has served as a senior manager for several enterprises in the PRC. Currently, Mr. Yan is a managing director of a private company engaged in food and beverage management business mainly in the PRC.

Mr. Ji has extensive experience in corporate banking and credit risk management. From 2002 to 2015, Mr. Ji has served as a sub-branch manager for the department of the credit marketing and risk management of Shanghai Pudong Development Bank (上海浦東發展銀行) in the PRC. Since 2015, Mr. Ji has been employed by a private investment company in the PRC as a managing director to provide advice and support to investors entering and expanding into the PRC market.

Mr. He has extensive experience in marketing, public relations and the news and media industry. Mr. He has gained his honor as a national level photographer and director (國家一級攝影師兼導演) in the PRC and served for a prominent television station in the PRC for over 29 years. Since 2005, Mr. He is a founder and a chairman of a private media company in the PRC.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Treasure Isle Global is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, save for entering into the Sale and Purchase Agreement, Treasure Isle Global did not engage in any other business activities. As at the Latest Practicable Date, the entire issued capital of Treasure Isle Global is beneficially owned as to 50% by Mr. Zhang and 50% by Mr. Li who is also the sole director of Treasure Isle Global.

Mr. Zhang has extensive experience in the investment fund management in the PRC. Mr. Zhang has worked for a fund investment management company in the PRC as a general manager for over 10 years to help the said company develop and grow its project investments in both the PRC and Hong Kong.

Mr. Li obtained his bachelor degree in financial engineering from the University of Science and Technology Beijing (北京科技大學) in the PRC. Mr. He has extensive experience in financial services industry in the PRC. Mr. Li has worked for Cinda Securities Company Limited (信達證券股份有限公司) for over 4 years. Since 2015, Mr. Li has been a founder of private enterprises in the PRC engaged in cross-border investment and financial management projects, primarily in Hong Kong and the PRC and other emerging markets.

Intention of the Concert Group regarding the Company

Following the close of the Offer, it is the intention of the Concert Group that the Company will continue to focus on the development of its existing business, namely, investing in listed and unlisted enterprises established in Hong Kong, the PRC and the United States of America and does not intend to introduce any major changes to the existing investment of the Company (including redeployment of fixed assets of the Group) immediately after the Completion and the Offer. The Concert Group will regularly review the investments and financial position of the Company for the purpose of formulating investment plans and strategies for the future investment of the Company.

Save for the changes in the composition of the Board as detailed below and a change in the company secretary, the Concert Group has no intention to discontinue the employment of the employees, including the existing investment manager of the Company or to dispose of or redeploy the assets of the Company other than those in its ordinary course of business. The Offer Shares to be tendered by the Independent Shareholders upon valid acceptance of the Offer will be retained by the Offeror. In case there is less than 25% of the Shares held by the public following the close of the Offer, the Offeror will place down the Shares held by it in order that there will be 25% of the issued Shares held by the public.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Proposed change of Board composition

As at the Latest Practicable Date, the Board is made up of six Directors, comprising three executive Directors (being Ms. Lee Wai Tsang Rosa, Dr. Huang Zhijian and Mr. Lee Wai Wang, Robert) and three independent non-executive Directors (being Mr. Lu Fan, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai).

It is intended that, save for Ms. Lee Wai Tsang Rosa, all of the existing Directors as mentioned below will resign from the Board which would be effective immediately after the close of the Offer or at the earliest time permitted under the Takeovers Code:

- (i) Dr. Huang Zhijian;
- (ii) Mr. Lee Wai Wang, Robert;
- (iii) Mr. Lu Fan;
- (iv) Dr. Chow Yunxia, Carol; and
- (v) Mr. Lam Chi Wai.

The Concert Group intends to nominate one non-executive Director and three independent non-executive Directors to the Board and such appointments will be subject to the approval of the Board and will not take effect earlier than the date of posting of the Composite Document or such other date as permitted under the Takeovers Code. Biographies of the proposed Directors were disclosed in the Letter from Convoy Investment and Lego Securities. Any appointments to the Board will be made in compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules.

Having considered (i) the proposed new non-executive Directors, Mr. He, and three independent non-executive Director, Mr. Ma Yin Fan, Ms. Yan Yan and Mr. Xu Yanfa, do not have experience in managing and monitoring investment companies under Chapter 21 of the Listing Rules; and (ii) as stated in the Letter from the Board, Ms. Lee Wai Tsang Rosa, who has years of experience in managing investment companies under Chapter 21 of the Listing Rules, will remain and will continue to serve as the chairman of the Investment Committee and will become the only member of the Investment Committee, we consider only Ms. Lee Wai Tsang Rosa remaining in the Investment Committee may limit the future investment portfolio composition of the Group.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Notwithstanding the extensive experience of the Concert Group in the financial industry, having considered (i) the loss-making track records of the Company (the Group recorded a gain in FY2014-15 and a loss in each of FY2013-14 and FY2015-16 for the three years ended 31 March 2016) and the Concert Group does not intend to introduce any major changes to the existing operations and business of the Company after the Offer; and (ii) new proposed board composition may limit the future investment portfolio composition of the Group, we consider that the outlook of the Company would remain uncertain.

3. The Offer

Convoy Investment and Lego Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, are jointly making the Offer to acquire all the Offer Shares on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$1.820 in cash

The Offer Price of HK\$1.820 per Offer Share is the same as the purchase price per Sale Share under the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Company has 172,800,000 Shares in issue. The Company does not have other classes of securities, derivatives, warrants or other securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

As at the Latest Practicable Date, excluding the 117,540,000 Shares held by the Concert Group, the number of Shares subject to the Offer is 55,260,000. Assuming that there is no change in the issued share capital of the Company and based on the Offer Price of HK\$1.820 per Offer Share for 55,260,000 Offer Shares, the Offer would be valued at approximately HK\$100,573,200.

The Offer Shares to be acquired under the Offer shall be free from all liens, charges and encumbrance and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document. The Offer is unconditional in all respects. Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Further details of the terms and conditions of the Offer, including the procedures for acceptance, are set out in the Letter from Convoy Investment and Lego Securities and Appendix I to the Composite Document.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Analysis of the price performance and trading liquidity of the Shares

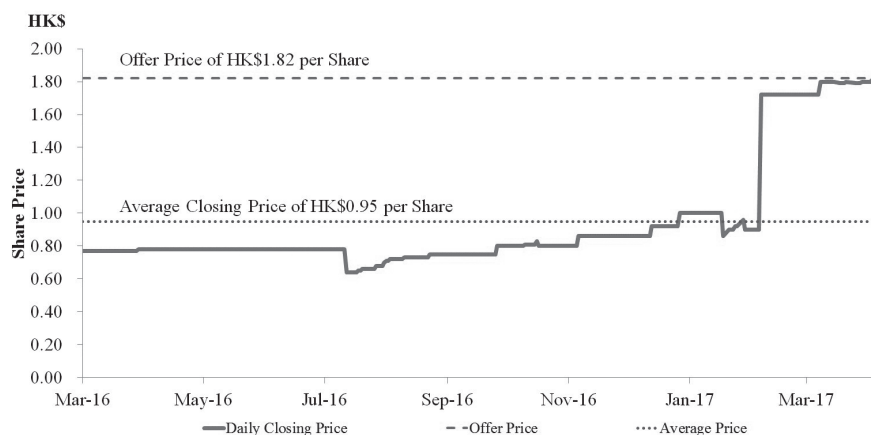
The Offer Price of HK\$1.820 per Offer Share is the same as the purchase price per Sale Share under the Sale and Purchase Agreement which was arrived at after arm's length negotiations between the Purchasers and the Vendors and represents:

- (i) a premium of approximately 1.1% over the closing price of HK\$1.80 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 102.2% over the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on 27 February 2017 (being the last trading day prior to commencement of the Offer Period);
- (iii) a premium of approximately 5.8% over the closing price of HK\$1.72 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a premium of approximately 5.8% over the average closing price of approximately HK\$1.72 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately up to and including the Last Trading Day;
- (v) a premium of approximately 5.8% over the average closing price of approximately HK\$1.72 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately up to and including the Last Trading Day;
- (vi) a premium of approximately 30.6% over the average closing price of approximately HK\$1.394 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately up to and including the Last Trading Day; and
- (vii) a premium of approximately 911.1% over the net asset value per Share of approximately HK\$0.180, calculated based on the unaudited consolidated net asset value of the Company as at 31 March 2017, divided by the total number of issued Shares as at the Latest Practicable Date.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(a) *Historical share price of the Shares*

Set out below is a chart showing the movement of the daily closing price of the Shares as quoted on Stock Exchange during the last twelve months (i.e. 24 March 2016) preceding the date of the Last Trading Day, and up to the Latest Practicable Date (the “**Review Period**”):



Source: Bloomberg

As shown in the above chart, for the period from 24 March 2016 to 27 February 2017 (being the last trading day prior to the announcement of the entering into of the memorandum of understanding between an independent third party and the Vendors in connection with a possible acquisition of all the Shares held by the Vendors), the daily closing price exhibited a steady trend ranged from HK\$0.64 per Share to HK\$1.00 per Share. We noted that on 1 March 2017, the day of resumption of trading following the above announcement, the daily closing price increased by approximately 91.1% from HK\$0.9 per Share to HK\$1.72 per Share. Such daily price increase resulted in the biggest daily growth recorded by the Company during the Review Period. The daily closing prices then remain at HK\$1.72 per Share. On 31 March 2017, being the first day of resumption of trading after the Joint Announcement, the daily closing price increased to HK\$1.80 on 31 March 2017 and remain stable ranged from HK\$1.79 per Share to HK\$1.81 per Share up to the Latest Practicable Date.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As the Offer Price is (i) at a premium of approximately 5.8% over the average closing price for the last one, five and ten consecutive trading days immediately up to and including the Last Trading Day; (ii) at a premium of approximately 911.1% to the unaudited net assets value attributable to owners of the Company of approximately HK\$0.18 per Share as at 31 March 2017; and (iii) above the average closing price of HK\$0.95 per Share during the Review Period and above the highest trading days' daily closing price of HK\$1.81 per Share during the Review Period, we consider the Offer Price is fair and reasonable and in the interest of the Shareholders as a whole.

(b) Historical trading volume of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

	Total trading volume for the month/period <i>(No. of Shares)</i>	Average daily trading volume for the month/ period <i>(No. of Shares)</i> <i>(Note 1)</i>	Percentage of average daily trading volume to number of Shares in issue <i>(Note 2)</i>	Percentage of average daily trading volume to number of Shares held by Independent Shareholders <i>(Note 3)</i>
2016				
March (beginning from 24 March 2016)	–	–	–	–
April	–	–	–	–
May	–	–	–	–
June	–	–	–	–
July	–	–	–	–
August	100,000	4,545	0.00%	0.01%
September	–	–	–	–
October	–	–	–	–
November	300,000	13,636	0.01%	0.02%
December	–	–	–	–
2017				
January	400,000	21,053	0.01%	0.04%
February	586,000	29,300	0.02%	0.05%
March	1,900,000	82,609	0.05%	0.15%
April	2,300,000	135,294	0.08%	0.24%
May (up to the Latest Practicable Date)	100,000	100,000	0.06%	0.18%

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period.
2. Based on the monthly total trading volume of the Shares divided by the total number of Shares of the Company in issue as at the end of each month or at the Latest Practicable Date, as applicable.
3. Based on the monthly total trading volume of the Shares divided by 55,260,000 Shares, being the total number of Shares held by the public Shareholders as at the Latest Practicable Date.

As shown in the above table, we noted that the highest average daily trading volume of the Shares on the Stock Exchange on a monthly basis was approximately 135,294 Shares during the Review Period, representing approximately 0.08% and 0.24% of the Company's total existing issued share capital and public float, respectively. The average daily trading volume of the Shares on the Stock Exchange during the Review Period was approximately 21,059 Shares, representing approximately 0.01% and 0.04% of the Company's total existing issued share capital and public float, respectively. Moreover, we noted that no trading was recorded in 7 out of the 14 months (excluding March 2016) during the Review Period.

In view of the low trading volume of the Shares in the Review Period, we anticipate that the Shareholders may have difficulties in selling a significant number of Shares in the open market at or above the Offer Price within a short period of time if the same trading pattern of the Shares persists after the Offer Period. We therefore consider that the Offer represents a good opportunity for the Independent Shareholders to dispose of their entire holdings at a fixed cash price if they wish to realise their investments in the Company within a short period of time at the Offer Price.

After considering (i) the Offer Price represent a premium as compared to the historical daily closing price and the unaudited net assets value per Shares, details of which are set out in the section headed "Analysis of the price performance and trading liquidity of the Shares" above; and (ii) the Offer Price was above the average closing price of HK\$0.95 and the highest trading days' daily closing price of HK\$1.81 during the Review Period, we consider the Offer Price is fair and reasonable and in the interest of the Shareholders as a whole.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Comparison with comparable companies

We have reviewed the listed company in Hong Kong which have similar principal business to the Company and identified, to the best of our endeavours in our research through public information, the following 24 comparable companies, being companies (i) currently listed on the Main Board of the Stock Exchange; and (ii) defined as investment companies pursuant to Chapter 21 of the Listing Rules. The Comparables is an exhaustive list based on the aforesaid criteria. It should be noted that the scale of operations and future prospects of the Company is not exactly the same as that of the Comparables and as such, the Comparables may only be used to provide a general reference only. We have considered price-to-earnings ratio and price-to-book ratio (“**P/B Ratio**”) in this comparison analysis. The price-to-earnings ratio is not applicable in the assessment since the Company incurred loss for the six months ended 30 September 2016, we have adopted the P/B Ratio in the comparison. The table below sets out the P/B Ratio of the Comparables and the P/B Ratio of the Company, which is based on the Offer Price:

Stock code	Company name	Principal activities	P/B ratio (Notes 1) (times)	Market Capitalisation as at the Latest Practicable Date	Latest published net asset value (Note 3)
				(Note 2) (HK\$ million)	(Note 3) (HK\$ million)
2324	Capital VC Limited	Investing in listed and unlisted companies mainly in Hong Kong and the PRC	0.41	460.1	1,121.3
170	China Assets (Holdings) Limited	Investment holdings in Hong Kong and the PRC	0.26	407.3	1,575.2
1062	China Development Bank International Investment Limited	Investments in money market securities, equity and debt related securities in listed and/or unlisted companies or entities on a global basis	0.63	827.1	1,306.9
721	China Financial International Investments Limited	Investment of listed and unlisted companies established and/or doing business in Hong Kong and the PRC	1.85	3,072.1	1,656.4
2312	China Financial Leasing Group Limited	Investing in a diversified portfolio of investments in listed and unlisted securities in Hong Kong and overseas on a general perspective	2.49	175.8	70.5
1217	China Innovation Investment Limited	Investing in listed and unlisted companies mainly in Hong Kong and the PRC	0.62	396.8	636.8
810	China Internet Investment Finance Holdings Limited	Investment in equity and debt instruments	0.66	134.3	204.0

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Stock code	Company name	Principal activities	P/B ratio (Notes 1) (times)	Market	Latest
				Capitalisation as at the Practicable Date (Note 2) (HK\$ million)	published net asset value (Note 3) (HK\$ million)
1226	China Investment and Finance Group Limited	Securities trading and investment holding	0.62	620.9	997.9
204	China Investment Development Limited	Investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities	0.82	220.5	268.0
612	China Investment Fund International Holdings Limited	Investment in both listed and unlisted securities	9.56	719.6	75.3
133	China Merchants China Direct Investments Limited	Investing in companies with significant business involvement in the PRC	0.41	1,757.9	4,322.1
80	China New Economy Fund Limited	Investing in both private and public enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of the PRC, Hong Kong, Macau, and Taiwan	0.34	158.1	467.9
356	DT Capital Limited	Investments in listed equity securities and unlisted debt securities	1.02	169.1	166.4
901 (Note 4)	Eagle Ride Investment Holdings Limited	Investment holding and trading of financial assets at fair value through profit or loss	952.19	360.8	0.4
339	Earnest Investments Holdings Limited	Investment and trading of listed and unlisted equity securities	2.97	98.6	33.2
905	Global Mastermind Capital Limited	Investment in listed and unlisted companies	0.44	217.1	491.2
428	Huge China Holdings Limited	Investments in securities listed on recognised stock exchanges and unlisted investments with a potential for earnings growth and capital appreciation	0.28	108.3	380.2
1227	National Investments Fund Limited	Investment in listed and unlisted companies	6.21	271.5	43.7
1140	OP Financial Investments Limited	Investing in a diversified portfolio of global investments in listed and unlisted enterprises	2.02	5,293.7	2,616.6
310	Prosperity Investment Holdings Limited	Investment activities in listed and unlisted investments and other related financial assets	0.38	119.9	317.1

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Stock code	Company name	Principal activities	P/B ratio (Notes 1) (times)	Market Capitalisation as at the Latest Practicable Date	Latest published net asset value (Note 3) (HK\$ million)
				(Note 2) (HK\$ million)	(Note 3) (HK\$ million)
770	Shanghai International Shanghai Growth Investment Limited	Making direct investments in operating companies and other entities established or having significant operations in, or doing business with, the PRC and investing in PRC-related listed securities with the same investment objective in achieving long term capital appreciation of the Company's assets	1.43	89.8	63.0
666	SHK Hong Kong Industries Limited	Investments in listed and unlisted financial instruments	0.64	740.1	1,155.2
768	UBA Investments Limited	Investment in listed and unlisted securities	0.88	135.7	154.4
913	Unity Investments Holdings Limited	Investments in listed and unlisted securities	0.17	193.8	1,111.2
		Average	1.53		
		Maximum	9.56		
		Minimum	0.17		
		The Company	9.56	314.5	32.9
			(Note 5)	(Note 6)	

Source: Bloomberg and the website of the Stock Exchange

Notes:

- P/B ratio of the Comparables are calculated based on their respective published consolidated net assets attributable to its equity holders and their respective closing market capitalisation as at the Latest Practicable Date.
- Market capitalisation figure of the Comparables is sourced from Bloomberg.
- Net assets values of the Comparables are extracted from their respective latest published financial statement.
- Not included in the calculation of the average, maximum and minimum P/B Ratio due to its abnormal value.
- Calculated based on the Offer Price and the net assets attributable to the Shareholder as at 30 September 2016 as extracted from the 2016 Interim Report divided by the total number of issued Shares as at the Latest Practicable Date.
- Calculated based on the Offer Price and the total number of issued Shares as at the Latest Practicable Date.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As shown in the above table, the P/B ratio of the Comparables (excluding Eagle Ride Investment Holdings Limited due to its abnormal value) ranged from approximately 0.17 times to approximately 9.56 times with an average P/B ratio of approximately 1.53 times. The P/B ratio implied by the Offer Price of approximately 9.56 times is higher than the average and close to the maximum of the P/B ratio of approximately 1.53 times and 9.56 times of the Comparables respectively. Thus, the Offer Price appears attractive as compared to the share prices of the Comparables relative to their net assets value.

RECOMMENDATION AND CONCLUSION

We consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned after taking into account the above principal factors and reasons, in particular:

- (i) the outlook of the Group may remain uncertain as mentioned in the sections headed “Information of the Group” and “Information on the Concert Group and its intentions regarding the future of the Group”;
- (ii) the Shares were traded below the Offer Price throughout the Review Period. The Offer Price of HK\$1.82 represents at a premium as compared to the historical daily closing price and the unaudited net assets value per Shares, details of which are set out in the section headed “Analysis of the price performance and trading liquidity of the Shares”;
- (iii) the Offer Price was above the average closing price of HK\$0.95 and the highest trading days’ daily closing price of HK\$1.81 during the Review Period as set out in the section headed “Analysis of the price performance and trading liquidity of the Shares”; and
- (iv) the Offer Price appears attractive as the P/B ratio implied by the Offer Price of approximately 9.56 is higher than the average and close to the maximum of the P/B ratio of approximately 1.53 times and 9.56 times of the Comparables respectively as set out in the section headed “Comparison with comparable companies”.

Having considered the principal factors and reasons discussed above, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Independent Shareholders, who are considering to realise all or part of their holdings in the Shares, should monitor the price movement of the Shares until near the end of the Offer Period. If the market price of the Shares exceeds the Offer Price and the sale proceeds net of all transaction costs exceed the net proceeds receivable under the Offer, the Independent Shareholders should consider selling their Shares in the open market instead of accepting the Offer.

Those Independent Shareholders who may consider retaining their Shares or tendering less than all their Shares under the Offer. However, the Independent Shareholders should carefully consider the potential difficulties they may encounter in disposing their investments in the Shares after the close of the Offer in view of the historical low liquidity of the Shares.

The Independent Shareholders are also reminded that their decisions to dispose of or hold their investment in the Shares are subject to their individual circumstances and investment objectives. The Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the Form of Acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
TC Capital International Limited
Edward Wu
Chairman

Note: Mr. Edward Wu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2005. He has participated in and completed various advisory transactions in respect of connected transactions and transactions under the Takeovers Code of listed companies in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions forms part of the terms of the relevant Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Boardroom Share Registrars (HK) Limited, at 31/F, 148 Electric Road, North Point, Hong Kong marked “Grand Investment International Ltd. – Offer” on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar in accordance with the procedure set out in paragraph (a) above; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Convoy Investment and Lego Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given should be provided to the Registrar.
- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine in compliance with the requirements of the Takeovers Code and announce with the consent of the Executive and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Independent Shareholders, appropriate documentary evidence of authority (for example, grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (g) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by each accepting Shareholder at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant accepting Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive or otherwise in accordance with the Takeovers Code, to be valid, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.
- (b) The Offeror reserves the right to revise the terms of the Offer after the despatch of this Composite Document until such day as they may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (c) If the Offer is extended, the Offeror will issue an announcement in relation to any extension of the Offer, which announcement will state either the next closing date or, a statement that the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
- (d) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date of the Offer so extended.
- (e) Any acceptance of the relevant revised Offer shall be irrevocable unless and until the Independent Shareholders who accept the Offer become entitled to withdraw their acceptance under the paragraph headed "5. Right of withdrawal" in this Appendix I below and duly do so.

3. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

4. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised, extended or expired.
- (b) The announcement will state, among other matters, the following:
 - (i) the total number of Offer Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period;
 - (iii) the total number of Shares acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it;
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and
 - (v) the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.
- (c) In computing the total number of Shares represented by acceptances as of the Closing Date, only valid acceptances in complete and good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, which have been received by the Registrar, no later than 4:00 p.m. on the Closing Date, shall be included.

- (d) If the Offeror, the parties acting in concert with it or its advisers make any statement about the level of acceptances or the number or percentage of accepting Shareholders during the Offer Period, then the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.
- (e) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments, will be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate.

5. RIGHT OF WITHDRAWAL

- (a) Acceptances of the Offer shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph.
- (b) In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described in the paragraph 4 headed “Announcements” in this Appendix I above, the Executive may require that accepting Shareholders be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.
- (c) If an accepting Shareholder withdraws the acceptance or if the Offer lapse, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant accepting Shareholders.

6. SETTLEMENT UNDER THE OFFER

Provided that a valid Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount due to each of the accepting Shareholders, less seller’s ad valorem stamp duty, in respect of the Offer Shares tendered by him/her under the Share Offer, will be despatched to such Shareholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) Business Days (as defined in the Takeovers Code) after the date on which the duly completed and valid acceptances of the Share Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid.

Settlement of the consideration to which any accepting Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty in respect of the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.

No fraction of a cent will be payable and the amount of consideration payable to an accepting Shareholder will be rounded up to the nearest cent.

7. OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are not resident in Hong Kong. The making and the implementation of the Offer to Independent Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant overseas jurisdictions in which such Independent Shareholders are located. Such Independent Shareholders should inform themselves about and observe any applicable requirements and restrictions in their own jurisdictions, and where necessary, seek independent legal advice in respect of the Offer. It is the responsibility of such Independent Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer to satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes payable by such accepting Shareholders in such jurisdiction).

Any acceptance of the Offer by such overseas Independent Shareholders will be deemed to constitute a representation and warranty from such Independent Shareholders to the Offeror that the local laws and requirements have been complied with. The overseas Independent Shareholders should consult their professional advisers if in doubt.

8. TAX IMPLICATIONS

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Company, the Offeror, parties acting in concert with the Offeror, Convoy Investment, Lego Securities, Lego Corporate Finance and their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications nor accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer. This Composite Document does not include any information in respect of overseas taxation. Independent Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdictions of owning and disposing of their Shares.

9. GENERAL

- (a) All communications, notices, Form of Acceptance, Share certificates, transfer receipts (as the case may be), other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, Convoy Investment, Lego Securities, Lego Corporate Finance, the Independent Financial Adviser, the Registrar, any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer to which it relates.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer and all acceptances are governed by and shall be construed in accordance with the laws of Hong Kong.
- (e) Due execution of a Form of Acceptance will constitute an authority to the Offeror, Convoy Investment, Lego Securities and such person or persons as the Offeror may direct, to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as they may direct, the Shares in respect of which such person or persons has accepted the Offer.
- (f) Acceptance of the Offer will be deemed to constitute a warranty to the Offeror, Convoy Investment, Lego Securities and the Company by the accepting Shareholder(s) that (i) the Shares held by the Independent Shareholders are sold to the Offeror free from all liens, charges and encumbrance and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document; and (ii) the Independent Shareholder(s) have not taken or omitted to take any action which will or may result in the Offeror, its beneficial owner and parties acting in concert with any of them, the Company, Convoy Investment,

Lego Securities or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Offer or the acceptance thereof, and am/are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws and regulations. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, the above representations and warranties.

- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (h) References to the Offer in this Composite Document and in the Form of Acceptance include any extension or revision thereof.
- (i) In making their decision, Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as legal or business advice on the part of the Offeror, its beneficial owners, the Company, Convoy Investment, Lego Securities, Lego Corporate Finance, the Independent Financial Adviser. The Independent Shareholders should consult their own professional advisers for professional advice.
- (j) Unless otherwise expressly stated in this Composite Document and/or the Form of Acceptance, no one other than the Offeror and the relevant accepting Shareholder may enforce any terms of the contract that will arise on delivery of the relevant Form of Acceptance, duly completed and executed, under the Contracts (Rights of Third Parties) Ordinance, Cap. 623 of the Laws of Hong Kong.
- (k) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts in case of inconsistency.

I. FINANCIAL SUMMARY

The following is a summary of the audited financial results of the Group for each of the three financial years ended 31 March 2014, 2015 and 2016 as extracted from the published financial statements of the Group for the relevant years.

The consolidated financial statement of the Group for each of the years ended 31 March 2014, 2015 and 2016 were audited by East Asia Sentinel Limited, Certified Public Accountants, Hong Kong and did not contain any qualifications. For each of the years ended 31 March 2014, 2015 and 2016, no dividend was declared or paid. The Group had no exceptional items because of size, nature or incidence for each of the years ended 31 March 2014, 2015 and 2016.

	For the year ended 31 March		
	2016	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Gain on investments	(1,349)	117	155
Other revenues	35	11,976	2,002
Impairment loss on available-for-sale investment	(7,325)	(7,802)	(2,349)
Administrative expenses	<u>(3,283)</u>	<u>(3,160)</u>	<u>(3,684)</u>
(Loss)/profit before taxation	(11,922)	1,131	(3,876)
Taxation	<u>—</u>	<u>—</u>	<u>—</u>
(Loss)/profit for the year	(11,922)	1,131	(3,876)
Other comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive (loss)/income for the year	<u><u>(11,922)</u></u>	<u><u>1,131</u></u>	<u><u>(3,876)</u></u>
Dividend	—	—	—
(Loss)/profit per share			
– Basic	(HK\$0.07)	HK\$0.01	(HK\$0.02)
– Diluted	N/A	N/A	N/A

II. AUDITED RESULTS FOR THE LAST FINANCIAL YEAR ENDED 31 MARCH 2016

Set out below is the full text of the audited consolidated financial statements of the Company for the year ended 31 March 2016 as extracted from the annual report of the Company for the year ended 31 March 2016.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	<i>Notes</i>	2016 <i>HK\$'000</i> (audited)	2015 <i>HK\$'000</i> (audited)
Gain on investments	6	(1,349)	117
Other revenues	6	35	11,976
Impairment loss on available-for-sale investment	10	(7,325)	(7,802)
Administrative expenses		<u>(3,283)</u>	<u>(3,160)</u>
 (Loss)/profit before taxation	 7	 (11,922)	 1,131
Taxation	8(a)	<u>—</u>	<u>—</u>
 (Loss)/profit for the year		 (11,922)	 1,131
Other comprehensive income for the year		<u>—</u>	<u>—</u>
 Total comprehensive (loss)/income for the year		 <u><u>(11,922)</u></u>	 <u><u>1,131</u></u>
 Dividend	 20	 —	 —
 (Loss)/profit per share	 21		
– Basic		(HK\$0.07)	HK\$0.01
– Diluted		N/A	N/A

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	<i>Notes</i>	2016 <i>HK\$'000</i> (audited)	2015 <i>HK\$'000</i> (audited)
Non-current assets			
Available-for-sale investments	<i>10</i>	<u>25,456</u>	<u>26,580</u>
Current assets			
Investment at fair value through profit or loss	<i>11</i>	3,818	517
Deposits, prepayments and other receivables	<i>12</i>	769	13,562
Cash and cash equivalent	<i>13</i>	<u>6,309</u>	<u>7,591</u>
Total current assets		<u>10,896</u>	<u>21,670</u>
Current liabilities			
Other payables and accruals	<i>14</i>	<u>187</u>	<u>163</u>
Total current liabilities		<u>187</u>	<u>163</u>
Net current assets		<u>10,709</u>	<u>21,507</u>
Net assets		<u><u>36,165</u></u>	<u><u>48,087</u></u>
Capital and reserves			
Share capital	<i>15</i>	17,280	17,280
Reserves	<i>16</i>	<u>18,885</u>	<u>30,807</u>
Total equity		<u><u>36,165</u></u>	<u><u>48,087</u></u>
Net asset value per share	<i>19</i>	HK\$0.21	HK\$0.28

The consolidated financial statements were approved and authorised for issue by the board of directors on 8 June 2016 and are signed on its behalf by:

Lee Wai Tsang, Rosa
Director

Huang Zhijian
Director

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2015				
At 1 Apr 2014	17,280	37,786	(8,110)	46,956
Total comprehensive income				
Profit for the year	<u>—</u>	<u>—</u>	<u>1131</u>	<u>1131</u>
Balance at 31 Mar 2015	<u>17,280</u>	<u>37,786</u>	<u>(6,979)</u>	<u>48,087</u>
Year ended 31 March 2016				
At 1 Apr 2015	17,280	37,786	(6,979)	48,087
Loss for the year	<u>—</u>	<u>—</u>	<u>(11,922)</u>	<u>(11,922)</u>
Balance at 31 Mar 2016	<u>17,280</u>	<u>37,786</u>	<u>(18,901)</u>	<u>36,165</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
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	<u>7,325</u>	<u>7,802</u>
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	<u>24</u>	<u>14</u>
Net cash generated from/(used in)operating activities	<u>4,884</u>	<u>(4,123)</u>
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	<u>35</u>	<u>79</u>
Net cash generated from/(used in)investing activities	<u>(6,166)</u>	<u>9,426</u>
Net (decrease)/increase in cash and cash equivalents	(1,282)	5,303
Cash and cash equivalents at the beginning of the year	<u>7,591</u>	<u>2,288</u>
Cash and cash equivalents at the end of the year	<u><u>6,309</u></u>	<u><u>7,591</u></u>
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	447	235
Short-term deposit with original maturity within three months	<u>5,862</u>	<u>7,356</u>
	<u><u>6,309</u></u>	<u><u>7,591</u></u>

The accompanying notes 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.

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.

	Effective for accounting periods beginning on or after
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.

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
- 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.

- 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 non-financial 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.

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.

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.

(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.

(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.

(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.

(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 an 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.

(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.

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.

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

7. (Loss)/profit Before Taxation

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

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

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

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:

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

The deferred tax asset mainly represents the full tax effect of timing differences arising from cumulative tax losses carried forward. This deferred tax asset has not been recognised in the financial statements as, in the opinion of directors, it is not probable to determine that this deferred tax asset can be utilised in the foreseeable future. These unused tax losses have no expiry date.

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

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

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 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
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	<u>18</u>	<u>18</u>
	<u>1,130</u>	<u>1,076</u>

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

	Directors' fees <i>HK\$'000</i>	Salaries <i>HK\$'000</i>	Retirement benefit scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
<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	<u>42.50</u>	<u>–</u>	<u>–</u>	<u>42.50</u>
	<u>170</u>	<u>942</u>	<u>18</u>	<u>1,130</u>

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

	Directors’ fees	Salaries	Retirement benefit scheme contributions	Total
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<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)	<u>16</u>	<u>–</u>	<u>–</u>	<u>16</u>
	<u>168</u>	<u>890</u>	<u>18</u>	<u>1,076</u>

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	<u>2</u>	<u>1</u>
	<u><u>5</u></u>	<u><u>5</u></u>

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

The emoluments of the above individuals are as follows:–

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

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

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

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.

10. Available-for-sale Investments

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

(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.

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	2015 Cost
					less impairment <i>HK\$'000</i>	less impairment <i>HK\$'000</i>
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
					<u>17,186</u>	<u>10,985</u>
					2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
					17,186	18,787
					<u>–</u>	<u>(7,802)</u>
					<u>17,186</u>	<u>10,985</u>

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:

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

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.

The unaudited financial information of Joyport was approximately as follows:

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

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:

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

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

(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	2015
				Cost less impairment <i>HK\$'000</i>	Cost less impairment <i>HK\$'000</i>
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
				_____	_____
				<u>8,270</u>	<u>15,595</u>
				2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
	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)	–
				<u>8,270</u>	<u>15,595</u>

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

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

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

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

11. Investments at Fair Value Through Profit or Loss

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

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 value	Unrealised (loss) arising on revaluation
					<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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)
					<u>4,972</u>	<u>3,818</u>	<u>(1,154)</u>

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%	<u>524</u>	<u>517</u>	<u>(7)</u>

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:

	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 Tencent	<u>44,416</u>	<u>21,891</u>
Net asset value	<u>120,035</u>	<u>80,013</u>

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:

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

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

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	<u>(6,398,730)</u>	<u>818,924</u>
Net asset value	<u><u>72,386,721</u></u>	<u><u>62,418,501</u></u>

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	<u>10,131</u>	<u>9,513</u>
Net asset value	<u><u>57,835</u></u>	<u><u>48,359</u></u>

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	<u>7,618,960</u>	<u>6,806,853</u>
Net asset value	<u><u>75,252,509</u></u>	<u><u>49,408,423</u></u>

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

12. Deposits, Other Receivables and Prepayments

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

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:–

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

13. Cash and Cash Equivalents

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

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

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

14. Other Payables and Accruals

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

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

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

16. Reserves

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

(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.

18. Operating Lease Commitment

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

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

19. Net Asset Value Per Share

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

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

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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net (loss)/profit attributable to shareholders	<u>(11,922)</u>	<u>1,131</u>
	2016	2015
Number of weighted average of ordinary shares in issue (<i>'000</i>)	<u>172,800</u>	<u>172,800</u>

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

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:

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

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.

24. Financial Instruments by Category

Financial assets as at 31 March 2016

	Investments at fair value through profit or loss <i>HK\$'000</i>	Loans and receivables <i>HK\$'000</i>	Available- for-sale financial investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
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
	<u>3,818</u>	<u>6,903</u>	<u>25,456</u>	<u>36,177</u>

Financial assets as at 31 March 2015

	Investments at fair value through profit or loss <i>HK\$'000</i>	Loans and receivables <i>HK\$'000</i>	Available- for-sale financial investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
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
	<u>517</u>	<u>20,976</u>	<u>26,580</u>	<u>48,073</u>

Financial liabilities as at 31 March 2016

	Financial liabilities at amortised cost HK\$'000
Other payables and accruals	<u>187</u>

Financial liabilities as at 31 March 2015

	Financial liabilities at amortised cost HK\$'000
Other payables and accruals	<u>163</u>

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.

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	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than one year		
– Other payables and accruals	<u>187</u>	<u>163</u>

(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:–

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

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

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

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*

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

III. UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

Set out below is the full text of the unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2016 as extracted from the interim report of the Company for the six months ended 30 September 2016.

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

For the six months ended 30 September 2016

	<i>Notes</i>	2016 <i>HK\$'000</i> (audited)	2015 <i>HK\$'000</i> (audited)
Revenues	5	332	(1,452)
Other revenues	6	11	18
Impairment loss on available-for-sale investment		(2,067)	–
Administrative expenses		<u>(1,516)</u>	<u>(1,658)</u>
Loss before taxation	8	(3,240)	(3,092)
Taxation	9	<u>–</u>	<u>–</u>
(Loss) for the period		(3,240)	(3,092)
Other comprehensive income for the period		<u>–</u>	<u>–</u>
Total comprehensive loss for the period		<u><u>(3,240)</u></u>	<u><u>(3,092)</u></u>
Total comprehensive loss attributable to:			
Owners of the Company		<u><u>(3,240)</u></u>	<u><u>(3,092)</u></u>
Interim dividend	10	–	–
Loss per share (<i>Cents</i>)			
– Basic	11	(HK\$1.88)	(HK\$1.79)
– Diluted	11	N/A	N/A

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	<i>Notes</i>	2016 <i>HK\$'000</i> (audited)	2015 <i>HK\$'000</i> (audited)
Non-current assets			
Available-for-sale investments	12	<u>21,542</u>	<u>25,456</u>
Current assets			
Investment at fair value through profit or loss	13	3,836	3,818
Deposits, prepayments and other receivables	14	323	769
Cash and cash equivalent	15	<u>7,344</u>	<u>6,309</u>
Total current assets		<u>11,503</u>	<u>10,896</u>
Current liabilities			
Other payables and accruals	16	<u>120</u>	<u>187</u>
Total current liabilities		<u>120</u>	<u>187</u>
Net current assets		<u>11,383</u>	<u>10,709</u>
Total assets less current liabilities		<u>32,925</u>	<u>36,165</u>
Net assets		<u><u>32,925</u></u>	<u><u>36,165</u></u>
Capital and reserves			
Share capital	17	17,280	17,280
Reserves		<u>15,645</u>	<u>18,885</u>
Total equity		<u><u>32,925</u></u>	<u><u>36,165</u></u>
Net asset value per share		HK\$0.19	HK\$0.21

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 September 2016*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2015 (Audited)	17,280	37,786	(6,979)	48,087
Loss for the period	<u>—</u>	<u>—</u>	<u>(3,092)</u>	<u>(3,092)</u>
Balance at 30 September 2015 (Unaudited)	<u>17,280</u>	<u>37,786</u>	<u>(10,071)</u>	<u>44,995</u>
Balance at 1 April 2016 (Audited)	17,280	37,786	(18,901)	36,165
Loss for the period	<u>—</u>	<u>—</u>	<u>(3,240)</u>	<u>(3,240)</u>
Balance at 30 September 2016 (Unaudited)	<u>17,280</u>	<u>37,786</u>	<u>(22,141)</u>	<u>32,925</u>

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

CONDENSED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2016*

	For the six months ended	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from/(used in)operating activities	(830)	6,859
Net cash generated from/(used in)operating activities	<u>1,865</u>	<u>(6,183)</u>
Increase in cash and cash equivalents during the period	1,035	676
Effect of foreign exchange rate of changes	–	49
Cash and cash equivalents at the beginning of the year	<u>6,309</u>	<u>7,591</u>
Cash and cash equivalents at the end of the year	<u><u>7,344</u></u>	<u><u>8,316</u></u>
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	7,344	8,316

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2016

1. General Information

Grand Investment International Ltd. 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 HM 11, Bermuda. The principal place of business of the Company is Unit A301, 32/F., United Centre, No. 95 Queensway, Hong Kong.

The Company is principally engaged in investing in listed and unlisted enterprises established in Hong Kong, the People’s Republic of China (the “PRC”) and the United States of America (the “US”).

2. Basis of Preparation

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

The unaudited condensed interim financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The unaudited condensed interim financial statements are presented in Hong Kong dollars (“HKD”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed financial statements have not been audited, but have been reviewed by the Audit Committee and commented by independent auditors.

3. Summary of Principal Accounting Policies

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual report of the Company for the year ended 31 March 2016.

The accounting policies used in the unaudited condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2016 except for the adoption of new and revised standard and interpretation with effect from 1 April 2016.

4. Changes In Accounting Policies

(a) New and amended standards adopted by the Company

There are a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA that have been adopted by the Company for the first time for the financial year beginning on or after 1 April 2016:

Amendments to HKAS 1	"Disclosure Initiative"
Amendment to HKAS 16 and HKAS 38	"Clarification of Acceptable Methods of Depreciation and Amortisation"
Annual Improvements 2012-2014 Cycle	"Amendments to a number of HKFRSs"

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in the interim financial information and/or disclosures set out in the interim financial information.

(b) New standards and interpretations not yet adopted

Up to the date of issue of these financial statements, the HKICPA has issued a number of new standards, amendments to standards and interpretations which are effective for periods beginning after 1 April 2016, and which have not been early adopted in preparing these financial statements. These include the followings which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 “Disclosure Initiative”	1 January 2017
Amendments to HKAS 12 “Recognition of deferred tax for unrealised losses”	1 January 2017
Amendments to HKFRS 2 “Classification and Measurement of Share-based Payment Transactions”	1 January 2018
HKFRS 15 “Revenue from contracts with customers”	1 January 2018
Amendments to HKFRS 15 “Clarifications to HKFRS 15 Revenue from contracts with customers”	1 January 2018
HKFRS 9 (2014) “Financial instruments”	1 January 2018
HKFRS 16 “Leases”	1 January 2019
Amendments to HKFRS 10 and HKAS 28 “Sale or Contribution Assets Between an Investor and its Associate or Joint Venture”	Date To be determined

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

5. Revenues

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

	For the six months ended	
	30 September 2016	30 September 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net realised gain/(loss) on disposal of investments at fair value through profit or loss	119	(371)
Net unrealised holding gain/(loss) on investments at fair value through profit or loss	137	(1,170)
Net realised gain on option premium	36	57
Dividend income from listed securities	<u>39</u>	<u>32</u>
	<u><u>332</u></u>	<u><u>(1,452)</u></u>

6. Other Revenues

	For the six months ended	
	30 September 2016	30 September 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income	10	18
Others	<u>1</u>	<u>–</u>
	<u><u>11</u></u>	<u><u>18</u></u>

7. 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.

8. Loss Before Taxation

Loss before taxation is arrived at after charging/(crediting) the following:

	For the	
	six months ended	
	30 September	30 September
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Provision for auditors' remuneration	68	65
Directors' remuneration	498	471
Exchange (gain)/loss, net	(1)	137
Investment manager fee	144	144
Operating lease payments	242	194
Staff cost (excluding directors' emoluments)		
– Salaries, bonus and allowance	121	103
– Mandatory provident fund contributions	<u>6</u>	<u>4</u>

9. Taxation

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimate average annual tax rate used is 16.5% for the Period (period ended 30 September 2015: 16.5%). No provision has been made for Hong Kong Profits Tax as there were no estimated Hong Kong assessable profits for the Period (period ended 30 September 2015: Nil).

10. Interim Dividend

The Directors do not recommend the payment of an interim dividend for the Period (period ended 30 September 2015: Nil).

11. Loss per share

The calculation of loss per ordinary share is based on the unaudited loss of approximately HK\$3,240,000 for the Period (period ended 30 September 2015: loss of approximately HK\$3,092,000) attributable to shareholders and the weighted average of 172,800,000 ordinary shares (period ended 30 September 2015: 172,800,000 ordinary shares) in issue during the Period.

The Company has no potential dilutive ordinary shares that were outstanding during the two periods ended 30 September 2016 and 30 September 2015; therefore, no diluted loss per share has been presented.

12. Available-for-sale Investments

	30 September 2016	31 March 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Investment securities, at cost		
Equity securities, unlisted shares	15,339	17,186
Investments in limited partnerships, at cost	15,595	15,595
Less: impairment provision	<u>(9,392)</u>	<u>(7,325)</u>
	<u>21,542</u>	<u>25,456</u>

13. Investments at Fair Value Through Profit or Loss

	30 September 2016	31 March 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Equity securities, at fair value		
Listed in Hong Kong	3,448	3,818
Listed outside Hong Kong	<u>388</u>	<u>–</u>
	<u>3,836</u>	<u>3,818</u>

The fair values of listed equity securities are determined based on the quoted prices available on the relevant stock exchanges at closing date.

14. Deposits, Prepayments and Other Receivables

	30 September 2016	31 March 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Deposits and other receivables	232	594
Prepayments	<u>91</u>	<u>175</u>
	<u><u>323</u></u>	<u><u>769</u></u>

15. Cash and Cash Equivalents

	30 September 2016	31 March 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Cash and bank balances	5,839	447
Short-term bank deposits	<u>1,505</u>	<u>5,862</u>
	<u><u>7,344</u></u>	<u><u>6,309</u></u>

16. Other Payables and Accruals

	30 September 2016	31 March 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Other payables and accruals	<u>120</u>	<u>187</u>

17. Share Capital

	30 September 2016	31 March 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
172,800,000 ordinary shares of HK\$0.10 each	<u>17,280</u>	<u>17,280</u>

18. Related Party Transactions

During the Period, the Company has paid rental expenses to Grand Investment (Securities) Limited (“GIS”), in which its director, Mr. Lee Tak Lun is a close family member of Mr. Lee Wai Wang, Robert and Ms. Lee Wai Tsang, Rosa, the directors of the Company. GIS is also the investment manager of the Company and was entitled to a monthly fee of HK\$24,000 (period ended 30 September 2015: HK\$24,000) for the provision of investment management services to the Company.

Details of related party transactions for the six months ended 30 September 2016 are as below:

	30 September 2016	30 September 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Investment manager fee paid to a related company	144	144
Rental expenses paid to a related company	<u>242</u>	<u>194</u>

19. Operating Lease Commitment

At 30 September 2016, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2016	31 March 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Not later than one year	63	297
In second to fifth year inclusive	<u>—</u>	<u>—</u>
	<u><u>63</u></u>	<u><u>297</u></u>

20. Approval of the Unaudited Condensed Interim Financial Statements

This unaudited condensed interim financial statement was approved by the Board on 11 November 2016.

IV. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2017, being the latest practicable date for the purpose of ascertaining the indebtedness statement of the Group prior to the printing of this Composite Document, the Company did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities of the Group.

V. MATERIAL CHANGE

Save as disclosed below, the Directors have confirmed that there were no material changes in the financial or trading position or outlook of the Group since 31 March 2016, being the date the latest published audited consolidated financial statements of the Group to which was made up, and up to and including the Latest Practicable Date:

- the unaudited consolidated net asset value per share of the Company was decreased from approximately HK\$0.25 as at 31 March 2016 as mentioned in the announcement of the Company dated 12 April 2016 to approximately HK\$0.18 as at 31 March 2017 as mentioned in the announcement of the Company dated 10 April 2017; and
- the net loss of the Group of approximately HK\$3.24 million for the six months ended 30 September 2016 as disclosed in the interim report for the six months ended 30 September 2016.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group, the Vendors and parties acting in concert with any one of them) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, the Vendors the directors of the members of the Group or the Vendors, and parties acting in concert with any one of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS OF THE OFFEROR

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror, Renown Future and Treasure Isle Global were as follows:

Name of Offeror/ parties acting in concert with it	Capacity and nature of interest	Number of Shares held/ interested (Long position)	Approximately % of the total issued Shares
The Offeror	Beneficial owner	3,456,042 <i>(Note 2)</i>	2.00%
Dr. Chan	Interest in controlled corporation	3,456,042 <i>(Note 2)</i>	2.00%
Renown Future	Beneficial owner	88,129,080	51.00%
Treasure Isle Global	Beneficial owner	25,954,878 <i>(Note 3)</i>	15.02%
Mr. Li	Interest in controlled corporation	25,954,878 <i>(Note 3)</i>	15.02%
Mr. Zhang	Interest in controlled corporation	25,954,878 <i>(Note 3)</i>	15.02%

Notes:

- (1) As at the Latest Practicable Date, the total number of issued Shares was 172,800,000 Shares.
- (2) The Offeror is wholly owned by Dr. Chan, who is the sole director of the Offeror. Dr. Chan is deemed to be interested in the 3,456,042 Shares in which the Offeror has interests by virtue of the SFO.
- (3) Treasure Isle Global is beneficially owned as to 50% by Mr. Li and 50% by Mr. Zhang. Each of Mr. Li and Mr. Zhang is deemed to be interested in the 25,954,878 Shares in which Treasure Isle Global has interests by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, its director and the parties acting in concert with the Offeror had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

- (a) During the Relevant Period and as at the Latest Practicable Date, save and except for the Sale Shares, none of the members of the Concert Group had dealt for value in or was interested in any Shares, convertible securities, warrants, options or derivatives of the Company.
- (b) As at the Latest Practicable Date, there were no outstanding derivatives in respect of securities in the Company which had been entered into by the Concert Group.
- (c) As at the Latest Practicable Date, the Concert Group had not received any irrevocable commitment to accept or reject the Offer.
- (d) As at the Latest Practicable Date, none of the members of the Concert Group had borrowed or lent any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.
- (e) As at the Latest Practicable Date, save and except for the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, there was no arrangement (whether by way of options, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer.
- (f) As at the Latest Practicable Date, save and except for the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any party acting in concert with it and any other person, or between any other associate of the Offeror and any other person.

- (g) As at the Latest Practicable Date, save for the unsecured loan facility granted to the Offeror by Convoy Investment, there was no agreement, arrangement or understanding that any securities of the Company acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons; and
- (h) Save as disclosed in the Joint Announcement and the Composite Document, the Purchasers confirmed that there is no other arrangement among any members of the Purchasers in connection with the sale and purchase of the Sale Shares and/or the Offer.

4. ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date:

- (a) there was no arrangement whereby benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement, arrangement or understanding (including any compensation arrangement) between any members of the Concert Group on the one hand and any of the Directors, recent Directors, Shareholders or recent Shareholders (including the Vendors and parties acting in concert with any of them) having any connection with or was dependent upon the Offer; and
- (c) there was no agreement or arrangement to which the Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

5. QUALIFICATION AND CONSENTS OF EXPERTS

The following are the qualification of the experts who have given opinion or advice contained in this Composite Document:

Name	Qualification
Lego Corporate Finance Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Convoy Investment Services Limited	a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO

Lego Securities Limited a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and references to its name in the form and context in which they appear respectively.

6. MISCELLANEOUS

- i. The registered office of the Offeror is Level 5, Development Bank of Samoa Building, Beach Road, Apia, Samoa.
- ii. The registered office of Renown Future is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- iii. The registered office of Treasure Isle Global is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- iv. The correspondence address of the Offeror, Renown Future and Treasure Isle Global is Unit 1506, 15/F., Austin Plaza, No. 83 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- v. The registered address of Lego Corporate Finance is Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong.
- vi. The registered address of Lego Securities is Room 804, 8/F, Jubilee Centre, 46 Gloucester Road, Wanchai, Hong Kong.
- vii. The registered address of Convoy Investment is 21/F, Tesbury Centre, 24-32 Queen's Road East, Wanchai, Hong Kong.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection, during the period from 5 May 2017, being the date of this Composite Document for so long as the Offer remain open for acceptance, at (i) the website of the SFC at <http://www.sfc.hk>; and (ii) the website of the Company at <http://www.grandinov.com>:

- i. the memorandum and articles of association of the Offeror;
- ii. this Composite Document;
- iii. the letter from Convoy Investment and Lego Securities, the text of which is set out on page 7 to 19 of this Composite Document; and
- iv. the letters of consents referred to under the paragraph headed "Qualification and Consents of Experts" in this Appendix III.

APPENDIX IV GENERAL INFORMATION RELATING TO THE GROUP

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Concert Group, the directors of the members of the Concert Group, the proposed Directors nominated by the Offeror to the Board, their associates and parties acting in concert with any of them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Concert Group, the directors of the members of the Concert Group, the proposed Directors nominated by the Offeror to the Board, their associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>		<i>HK\$</i>
	<u>1,000,000,000</u>	Shares of HK\$0.10 each
		<u>100,000,000</u>
 <i>Issued and fully paid:</i>		
	<u>172,800,000</u>	Shares of HK\$0.10 each
		<u>17,280,000</u>

All of the Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting.

As at the Latest Practicable Date, the Company did not have any outstanding options, derivatives, warrants or other conversion rights affecting the Shares.

APPENDIX IV GENERAL INFORMATION RELATING TO THE GROUP

The number of Shares in issue at 31 March 2016, being the date to which the latest audited financial statements of the Company were made up, was 172,800,000. No Shares had been issued since that date until the Latest Practicable Date.

3. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) last trading day immediately preceding the date of the first of the Rule 3.7 Announcements (i.e. 28 February 2017); (iii) the Last Trading Day; and (iv) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
31 August 2016	0.72
30 September 2016	0.75
31 October 2016	0.80
30 November 2016	0.86
30 December 2016	0.86
27 January 2017	1.00
27 February 2017	0.90
24 March 2017 (Last Trading Day)	1.72
27 March 2017	<i>Trading suspended</i>
31 March 2017	1.80
28 April 2017	1.80
2 May 2017 (Latest Practicable Date)	1.80

During the Relevant Period:

- (i) the highest closing price of the Share as quoted on the Stock Exchange was HK\$1.81 per Share on 26 April 2017 to 27 April 2017; and
- (ii) the lowest closing price of the Share as quoted on the Stock Exchange was HK\$0.72 per Share from 29 August 2016 to 1 September 2016.

4. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange.

(a) Interests and short positions of substantial shareholders in the Shares and underlying Shares of the Company

Name of substantial Shareholders	Capacity and nature of interest	Number of Shares held/ interested (Long position)	Approximate % of the total issued Shares
Renown Future	Beneficial owner	88,129,080	51.00%
Treasure Isle Global	Beneficial owner	25,954,878 <i>(Note 2)</i>	15.02%
Mr. Li	Interest in controlled corporation	25,954,878 <i>(Note 2)</i>	15.02%
Mr. Zhang	Interest in controlled corporation	25,954,878 <i>(Note 2)</i>	15.02%

Notes:

(1) As at the Latest Practicable Date, the total number of issued Shares was 172,800,000 Shares.

(2) Treasure Isle Global is beneficially owned as to 50% by Mr. Li and 50% by Mr. Zhang. Each of Mr. Li and Mr. Zhang is deemed to be interested in the 25,954,878 Shares in which Treasure Isle Global has interests by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any interests or short positions in the Shares and underlying Shares which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

5. DEALINGS IN SECURITIES

- (a) As at the Latest Practicable Date, the Company was not interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror, and had not dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror during the Relevant Period.
- (b) As at the Latest Practicable Date, none of the Directors were interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company or the Offeror. None of the Directors had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company or the Offeror during the Relevant Period.
- (c) As at the Latest Practicable Date, none of the subsidiaries of the Company, the pension fund of the Company or its subsidiaries, or the adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, or had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.
- (d) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code.
- (e) As at the Latest Practicable Date, there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which were managed on a discretionary basis by fund managers connected with the Company, and none of them had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.
- (f) As at the Latest Practicable Date, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer.
- (g) As at the Latest Practicable Date, none of the Company or the Directors had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

APPENDIX IV GENERAL INFORMATION RELATING TO THE GROUP

6. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

- (a) As at Latest Practicable Date, no benefit had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (c) As at the Latest Practicable Date, the Offeror had not entered into any material contract in which any Director has a material personal interest.

7. SERVICE CONTRACTS OF DIRECTORS

The Company has entered into a service contract or letter of appointment with the following Directors (i) which was entered into/amended within six months before the commencement of the Offer Period or (ii) for a fixed term of more than 12 months irrespective of notice period (in which case, the appointment shall be subject to the provision for retirement by rotation in the articles of association of the Company). Details of such service contracts and letters of appointment are set out below:

Name of Directors	Commencement date of the current service contract/letter of appointment	Expiry date of service contract/letter of appointment	Current fixed fee per annum	Variable remuneration
Ms. LEE Wai Tsang, Rosa	1 June 2005	not appointed for a specific term	HK\$820,260	discretionary management bonus (<i>note 1</i>) and other non-cash benefits as may be determined by the Board
Dr. HUANG Zhijian	1 January 2017 (<i>note 2</i>)	31 December 2019	HK\$192,456	discretionary management bonus (<i>note 1</i>) and other non-cash benefits as may be determined by the Board
Mr. LEE Wai Wang, Robert	2 September 2016 (<i>note 3</i>)	1 September 2019	HK\$50,000	discretionary management bonus (<i>note 1</i>) and other non-cash benefits as may be determined by the Board
Mr. LU Fan	1 June 2014	31 May 2017	HK\$50,000	N/A
Dr. CHOW Yunxia, Carol	1 June 2015	31 May 2018	HK\$50,000	N/A
Mr. LAM Chi Wai	2 September 2016 (<i>note 4</i>)	1 September 2019	HK\$50,000	N/A

APPENDIX IV GENERAL INFORMATION RELATING TO THE GROUP

Notes:

1. Each of Ms. Lee Wai Tsang, Rosa and Mr. Lee Wai Wang, Robert is entitled to a discretionary management bonus in respect of each financial year of the Company, during the term of their respective service contracts, in an amount to be determined by the Board in its absolute discretion. The discretionary management bonus is to be paid at the discretion of the Board without the need to make reference to or calculate pursuant to any formula.
2. The earlier contract was entered into between Dr. HUANG Zhijian and the Company for a term of three years from 1 January 2014 to 31 December 2016, under which Dr. HUANG was entitled to a fixed fee of HK\$192,456 per annum immediately prior to the expiry of such earlier contract.
3. The earlier contract was entered into between Mr. LEE Wai Wang, Robert and the Company for a term of three years from 2 September 2013 to 1 September 2016, under which Mr. LEE was entitled to a fixed fee of HK\$50,000 per annum immediately prior to the expiry of such earlier contract.
4. The earlier appointment letter was entered into between Mr. LAM Chi Wai and the Company for a term of three years from 2 September 2013 to 1 September 2016, under which Mr. LAM was entitled to a fixed fee of HK\$50,000 per annum immediately prior to the expiry of such earlier appointment letter.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which:

- (a) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period;
- (b) were continuous contracts with a notice period of twelve months or more; or
- (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

None of the Directors had entered into any service contract or had an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

8. MATERIAL CONTRACTS

There had been no other contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by members of the Group, entered into by members of the Group after the date falling two years prior to 28 February 2017, being the date of commencement of the Offer Period, and up to the Latest Practicable Date which is or may be material.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

10. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualification of the expert who have given its report, opinion or advice which are contained in this Composite Document:

Name	Qualifications
TC Capital	A corporation licensed by the SFC to conduct, among others, Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

TC Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, report and references to its name, in the form and context in which they are included.

As at the Latest Practicable Date, the above expert did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which had been, since 31 March 2016, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. MISCELLANEOUS

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its head office and principal place of business in Hong Kong is Unit A301, 32/F, United Centre, No. 95 Queensway, Hong Kong.
- (b) The registered office of TC Capital is at Suite 1903 & 1904 19/F Tower 6 The Gateway Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (c) The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese translation in the case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Unit A301, 32/F, United Centre, No. 95 Queensway, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (<http://www.grandinv.com>) during the period from the date of this Composite Document onwards for as long as the Offer remain open for acceptance:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual report of the Group for each of the two financial years ended 31 March 2016;
- (c) a copy of this Composite Document;
- (d) the interim report of the Group for the six months ended 30 September 2016;
- (e) the letter dated 5 May 2017 from the Board as set out on pages 20 to 25 of this Composite Document;
- (f) the letter dated 5 May 2017 from the Independent Board Committee to the Independent Shareholders as set out on pages 26 to 27 of this Composite Document;
- (g) the letter dated 5 May 2017 from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 28 to 46 of this Composite Document;
- (h) each of the Directors' service agreement or letter of appointment referred to under the paragraph headed "7. Service contract of Directors" in this Appendix; and
- (i) the letter of consent from TC Capital referred to under the paragraph headed "10. Qualifications and consent of expert" in this Appendix.