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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about any aspect of this circular or as to 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 advisers.

**If you have sold or transferred** all your Shares, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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大唐投資國際有限公司\*

**GRAND INVESTMENT INTERNATIONAL LTD.**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1160)**

**VERY SUBSTANTIAL DISPOSAL  
REGARDING  
THE DISPOSAL OF THE EQUITY INTEREST IN  
TIANJIN YISHANG FRIENDSHIP HOLDINGS COMPANY LTD.  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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A notice convening the Special General Meeting to be held at Unit 3, 5th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong on Thursday, 15 February 2018 at 10:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you are able to attend the Special General Meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the Special General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjourned meeting thereof should you so wish.

\* For identification purposes only

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 4 December 2017 in relation to the TJYS Disposal
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Branch Share Registrar”	Boardroom Share Registrars (HK) Limited, the branch share registrar and transfer office of the Company in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Grand Investment International Ltd., an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Condition(s)”	the conditions precedent to completion of the TJYS Disposal contemplated under the TJYS Share Transfer Agreement as summarised in the paragraph “ <i>TJYS Share Transfer Agreement – Conditions precedent to the Disposal Completion</i> ” in this section “ <i>Letter from the Board</i> ” of this circular
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal Completion”	completion of the TJYS Disposal pursuant to the terms of the TJYS Share Transfer Agreement
“Disposal Consideration”	the consideration for the sale and purchase of the Sale Interest from the Company to the Purchaser (that is, HK\$15,000,000) (equivalent to approximately RMB12,750,000)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Third Party(ies)”	Independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of the Company and its connected persons (as defined under the Listing Rules)
“Latest Practicable Date”	26 January 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	31 March 2018 (or such later date as the parties to the TJYS Share Transfer Agreement may mutually agree)
“percentage ratios”	the applicable percentage ratios set out in Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China (for purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchaser”	Trade Power Group Limited, the purchaser under the TJYS Share Transfer Agreement
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“Sale Interest”	the equity interest held by the Company in Tianjin Yishang (being 8,711,964 shares, representing approximately 3.955% of the entire equity interest, in Tianjin Yishang), the subject matter of the TJYS Disposal under the TJYS Share Transfer Agreement
“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 Company
“Shareholder(s)”	holder(s) of Shares
“Special General Meeting”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the TJYS Disposal under the TJYS Share Transfer Agreement and the contemplated transaction

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Yishang”	天津一商友誼股份有限公司 (Tianjin Yishang Friendship Holdings Company Ltd.*), a sino-foreign enterprise established in the PRC on 6 January 2006
“TJYS Disposal”	the disposal by the Company of the Sale Interest to the Purchaser pursuant to the terms and conditions of the TJYS Share Transfer Agreement
“TJYS Group”	Tianjin Yishang and its subsidiary(ies)
“TJYS Share Transfer Agreement”	the conditional share transfer agreement dated 1 December 2017 entered into between the Company and the Purchaser regarding the TJYS Disposal
“%”	per cent.

*For the purpose of this circular, unless otherwise specified, the conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.1765. No presentation is made that any amounts in RMB and HK\$ have been or could be converted at the relevant dates at the above rate or any other rates or at all.*

\* For identification purpose only

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## LETTER FROM THE BOARD

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大唐投資國際有限公司\*

**GRAND INVESTMENT INTERNATIONAL LTD.**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1160)**

*Executive Director:*

Ms Lee Wai Tsang, Rosa

*Non-executive Director:*

Mr He Luling (*Chairman*)

*Independent non-executive Directors:*

Ms Ma Yin Fan

Ms Yan Yan

Mr Xu Yanfa

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head office and principal place  
of business in Hong Kong:*

Unit 3, 5th Floor, Greenfield Tower

Concordia Plaza

No. 1 Science Museum Road

Kowloon, Hong Kong

30 January 2018

*To the Shareholders*

Dear Sir or Madam

**VERY SUBSTANTIAL DISPOSAL  
REGARDING  
THE DISPOSAL OF THE EQUITY INTEREST IN  
TIANJIN YISHANG FRIENDSHIP HOLDINGS COMPANY LTD.  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

### INTRODUCTION

Reference is made to the Announcement.

On 1 December 2017 (after trading hours), the TJYS Share Transfer Agreement in respect of the TJYS Disposal was entered into between the Company (as the vendor) and Trade Power Group Limited (as the purchaser).

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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As one or more of the applicable percentage ratios in respect of the TJYS Disposal as calculated under Rule 14.07 of the Listing Rules exceed(s) 75%, the TJYS Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules. Accordingly, the TJYS Disposal is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to provide the Shareholders with, among other matters, further details of the TJYS Share Transfer Agreement and the TJYS Disposal contemplated thereunder and to give notice of the Special General Meeting to the Shareholders.

### **TJYS SHARE TRANSFER AGREEMENT**

#### **Date**

1 December 2017

#### **Parties**

Vendor : Company

Purchaser : Trade Power Group Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an investment holding company and its sole ultimate beneficial owner (namely Mr Fan Shi Hoo) are Independent Third Parties.

The Purchaser was introduced to the Company by business acquaintances. To the best of the Directors' knowledge, Mr Fan is a businessman of strong financial means with wide social circle and has engaged or has investment in the textile and other businesses.

#### **Assets to be disposed of under the TJYS Share Transfer Agreement**

The Sale Interest (being all the 8,711,964 shares, representing approximately 3.955% of the entire equity interest, in Tianjin Yishang held by the Company), is one of the available-for-sale investments of the Company within its existing investment portfolios.

Immediately following completion of the TJYS Disposal, the Company will have no equity interest in Tianjin Yishang.

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## LETTER FROM THE BOARD

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### **Disposal Consideration**

HK\$15,000,000 (equivalent to approximately RMB12,750,000).

The Disposal Consideration is payable in cash by the Purchaser to the Company as to (i) HK\$7,500,000 within five (5) working days from the date of approval of the TJYS Disposal contemplated under the TJYS Share Transfer Agreement having been obtained from the Shareholders by the Company and (ii) the remaining HK\$7,500,000 within five (5) working days from the date on which the last Condition precedent to the Disposal Completion as disclosed below have been satisfied.

The Disposal Consideration was determined based on normal commercial terms and after arm's length negotiations between the Company and the Purchaser with reference to such factors including primarily the fair market value of the Sale Interest as at 31 December 2016 of HK\$15,882,000 (equivalent to approximately RMB13,500,000), the historical business and financial performance of the TJYS Group and the lack of marketability of the minority stake in and control of a non-listed group of companies.

As at 30 September 2017, the fair market value of the Sale Interest was HK\$16,059,000 (equivalent to approximately RMB13,650,000).

The fair market values of the Sale Interest as at 31 December 2016 and 30 September 2017 were determined with reference to the valuations made by Crowe Horwath First Trust Appraisal Pte Ltd, a qualified valuer independent of the Company, and contained in its valuation report dated 30 January 2018.

Pursuant to the valuation report, the fair market values of the TJYS Group as at 31 December 2016 and 30 September 2017, on non-controlling interest basis, were HK\$401,568,000 (equivalent to approximately RMB341,340,000) and HK\$406,030,000 (equivalent to approximately RMB345,133,000) respectively.

### **Valuation Methodology**

The valuer had considered three valuation approaches in the valuations (namely, (i) the cost approach, (ii) the income approach and (iii) the market approach). These valuation approaches are prescribed in the International Valuation Standards 105 – Valuation Approaches and Methods.

The valuer considered that the cost approach was more commonly used in heavy asset companies, such as factories, production plants, etc. As the TJYS Group specializes in retail business and department store operation, the valuer concluded that this method is not appropriate as there is no convincing association between the market value of the TJYS Group and its assets.



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## LETTER FROM THE BOARD

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In addition, the valuer concluded that the income approach was not appropriate either, as long term cashflow forecast is required for the income approach, which involves much subjective judgment to be made for the TJYS Group.

Considering the above, the valuer had selected the market approach as the most appropriate valuation approach for the valuation of the Sale Interest. Particularly, the valuations were conducted by the valuer by adopting the guideline publicly-traded comparable method (the “PTCM”) (which is a prescribed method in the International Valuation Standards published by the International Valuation Standards Council). The valuer considers that the use of the PTCM (which is a widely used valuation method and is in line with industry practice and all relevant valuation standards) is appropriate for the valuation of the TJYS Group since the method reflects the going concern of the TJYS Group and provides direct market reference on the value from a group of comparable companies in the market. Especially, price-to-earnings ratios of listed companies engaged in businesses similar to that of the TJYS Group were adopted as the primary calculation basis for the valuation of the market value of the Sale Interest, with appropriate adjustments for its lack of marketability and lack of control.

The Directors consider that, as the conclusion of the indication of value of the Sale Interest was based on accepted valuation methodology, procedures and practises (including the PTCM that utilizes information on available comparables in the particular industry sector and geographical area which the TJYS Group is engaged or operated) that are confirmed by an independent professional expert (that is, the valuer) to be in line with industry practice, the use of the market approach (including the PTCM) with adjustments made to reflect factors such as lack of marketability and control is the most appropriate, fair and reasonable in the valuations of the Sale Interest in the circumstances.

### **Selection of Comparable Companies**

The valuer had selected a group of comparable companies listed on stock exchanges based on the following selection criteria:

- primarily be engaged in retail and department store operation industry;
- have its primary operation in first tier or second tier cities in mainland China;
- ideally, the comparable companies should be listed in stock market within the Greater China region; and
- information of the peer firms must be extracted from a reliable source.

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## LETTER FROM THE BOARD

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Based on the methodology and the selection criteria described, the following comparable companies are adopted after the final screening, which represent an exhaustive list of comparable companies. The valuer is of the opinion that the adopted companies are representative, fair and reasonable comparisons to the TJYS Group.

<b>Ticker</b>	<b>Company Name</b>	<b>P/E Ratio</b>
000501-CN	Wuhan Department Store Group Co. Ltd.	11.7
600859-CN	Wangfujing Group Co., Ltd.	15.1
002419-CN	Rainbow Department Store Co., Ltd	19.6
600729-CN	Chongqing Department Store Co. Ltd	19.7
601366-CN	Qingdao Liqun Department Store Group Co., Ltd	26.8
	<b>Average</b>	<b>18.6</b>

*Source: FactSet database*

### **Lack of Marketability Discount**

The valuer adopted a lack of marketability discount of 20% in the valuation to compensate for the potential difficulty of selling the Sale Interest, which is not traded on a stock exchange, compared with those of the peer companies that are traded publicly in stock exchange markets.

The 20% discount is sourced from 2016 edition of the FMV Restricted Stock Study Companion Guide, which is published by FMV Opinions, Inc., one of the pre-eminent firms offering a broad range of financial advisory services to private and public companies. The result is concluded based on 736 observed transactions.

### **Lack of Control Discount**

The valuer also adopted a lack of control discount of 20% in the valuation as the Sale Interest only represents a minority shareholding interest of TJYS. Such discount is applied to compensate for the fact that minority owner does not have control over important business decisions like expanding to new markets, declaring dividends, setting policies, etc.

The lack of control discount is sourced from the research paper – Valuation Discounts and Premiums published by National Association of Certified Valuators and Analysts (NACVA). NACVA was found in 1991 and is headquartered in the United States. NACVA provides comprehensive research on various topic of valuation.

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## LETTER FROM THE BOARD

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The fair market value of the TJYS Group concluded by the valuer, as at 30 September 2017, on non-controlling interest basis, was HK\$406,030,000 (equivalent to approximately RMB345,133,000). The valuer has adopted the following inputs/parameters in its calculation:

- RMB 21.7 million historical net profit recorded by the TJYS Group from January 2017 to September 2017;
- A P/E ratio of 18.6;
- A 20% lack of marketability discount; and
- A 20% lack of control discount.

The carrying value of the Company's investment in TJYS, which was classified in its audited accounts as "available-for-sale investments", were stated as HK\$9,434,000 and HK\$9,434,000 as at 31 March 2016 and 31 March 2017 respectively.

The Directors considered that the determination of the Disposal Consideration based primarily on fair market value and the insignificant discount to the fair market value of the Sale Interest allowed by the Company when negotiating and determining the Disposal Consideration was fair and reasonable as the increase in profit of the TJYS Group in the past two years was mainly arisen from its non-core investment or non-recurring asset sale, rather than from its core business of the operation of department stores. The operation of the TJYS Group is concentrated in Tianjin City and its nearby area, and has limited demographic diversification. In recent years, the E-commerce/B2C (business to customer) business industry in China has been growing rapidly and a growing percentage of retail purchase is now conducted through online channel, which has imposed a negative impact on traditional department stores operators. The prospect for the business of operation of department stores, whether locally or globally, has been under tremendous competition and financial pressure and its potential for growth is expected to be hindered further in the foreseeable future.

The Board does not foresee a major improvement in the performance of its investment in the foreseeable future. Further, during the past years, the Company did not receive any cash dividend or other distribution from TJYS. As the Disposal, if realized, will involve an unaudited gain of approximately HK\$4,295,000, the Board believes that it should seize the opportunity to realise the investment and increase cash resources available for other investments if and when attractive opportunities arise.

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## LETTER FROM THE BOARD

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### Conditions precedent to the Disposal Completion

The Disposal Completion is conditional upon satisfaction of the following Conditions:

- (i) all consents, permission, authorisations and approvals (including but not limited to those required from the relevant governmental and/or regulatory authorities, directors, shareholders and third parties (if applicable)) necessary for giving effect to the TJYS Disposal having been obtained;
- (ii) the due compliance by the Company of all applicable legal and regulatory requirements (including but not limited to the Listing Rules) necessary for completion of the TJYS Disposal; and
- (iii) the alteration of the articles of TJYS to reflect the change of the shareholder of the Sale Interest from the Company to the Purchaser having been effected by TJYS after satisfaction of the Conditions referred to in (i) and (ii) above.

None of the Conditions can be waived by any of the parties to the TJYS Share Transfer Agreement.

### Disposal Completion

Subject to the Conditions precedent to the Disposal Completion having been satisfied on or before the Longstop Date, it is agreed by the parties to the TJYS Share Transfer Agreement that the Disposal Completion will become effective on the date on which the last Condition precedent to the Disposal Completion having been satisfied.

### INFORMATION ON THE TJYS GROUP

Tianjin Yishang is a sino-foreign enterprise established in the Tianjin Province, the PRC on 6 January 2006. The existing total registered capital of Tianjin Yishang is RMB220,277,235 (comprising 220,277,235 shares). The principal business activities of the TJYS Group are the operation of department stores and home retail shops in the Tianjin Province (and nearby cities) of the PRC.

The investment by the Company in Tianjin Yishang is accounted for as available-for-sale investments in the financial statements of the Company.

Ms Lee Wai Tsang, Rosa, one of the Directors, is appointed as a director of Tianjin Yishang to represent the interests of the Company in Tianjin Yishang and is connected with one of the existing minority shareholders of Tianjin Yishang (namely Win Key Investments Limited (the entire issued share capital of which is beneficially owned by Mr Lee Tak Lun, the father of Ms Lee), which holds approximately 3.955% equity interest in Tianjin Yishang).

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## LETTER FROM THE BOARD

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### FINANCIAL INFORMATION RELATING TO THE TJYS GROUP

The following is a summary of the consolidated results of the TJYS Group for the years ended 31 December 2015, 31 December 2016 and for the six months ended 30 June 2017 which were prepared under China Accounting Standards for Business Enterprises:

	Year ended 31 December 2015 RMB'000 (Audited)	Year ended 31 December 2016 RMB'000 (Audited)	Six months ended 30 June 2017 RMB'000 (Unaudited)
Turnover	3,228,487	2,937,449	2,133,574
Profit/(Loss) <b>before</b> taxation	360	34,589	15,337
Taxation	(184)	(8,606)	4,615
Profit/(Loss) <b>after</b> taxation	176	25,983	19,952

The net asset value of the TJYS Group as at 31 December 2016 was approximately RMB748,187,000 (equivalent to approximately HK\$880,220,000) and the attributable value of the Sale Interest was approximately RMB29,591,000 (equivalent to approximately HK\$34,813,000).

The unaudited net asset value of the TJYS Group as at 30 September 2017 was approximately RMB756,116,000 (equivalent to approximately HK\$889,548,000) and the attributable value of the Sale Interest was approximately RMB29,904,000 (equivalent to approximately HK\$35,182,000).

The Directors consider that, the Company, as the holder of a minority interest in TJYS has no access to TJYS's cash flow or assets, and its board membership in TJYS confers no control. In most cases, net assets or net asset value are of most relevance only where the acquirer will obtain majority control and have more direct access to the assets of the target company (which is not the case as far as the Sale Interest held by the Company is concerned). Further, the business of the TJYS Group is highly geared. Having considered the above factors and the low expectation of growth of the business in which the TJYS Group is engaged as further disclosed in the paragraph headed "*Reasons for and Benefits of the TJYS Disposal*" below, the determination of the Disposal Consideration on the primary basis of the fair market value of the Sale Interest (rather than, and despite the seemingly significant discount to, its attributable net assets value) is justifiable in this arm's length transaction between the Purchaser (as a willing buyer) and the Company (as a willing seller), each of which had each acted knowledgeably, prudently and without compulsion. The Directors are therefore of the considered views that the terms of the TJYS Disposal are in the overall interests of the Company and the Shareholders.

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## LETTER FROM THE BOARD

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The unaudited net carrying amount of the Sale Interest as at 30 September 2017 was approximately HK\$9,434,000.

### **REASONS FOR AND BENEFITS OF THE TJYS DISPOSAL**

The Company is an investment company under Chapter 21 of the Listing Rules. It is principally engaged in investing in listed and unlisted enterprises established in Hong Kong and the PRC with potential for earnings growth and capital appreciation.

The Directors consider that the department stores industry (in which the TJYS Group has been engaging) has continued its long-term decline over the past years due to, among other factors, the increasing rising competition from e-commerce which has imposed pressure on industry revenue. The deteriorating trend is expected to continue. From the Company's perspective, the above industry or business environment will diminish the growth or investment potential of its available-for-sale investment.

The Directors consider that the TJYS Disposal will allow the Company to realise its investment and increase the amount of cash flow for new investment opportunities with better returns if and when attractive opportunities arise.

Accordingly, the Directors consider that the terms (including the Disposal Consideration) of the TJYS Share Transfer Agreement are on normal commercial terms, fair and reasonable and the TJYS Disposal contemplated under the TJYS Share Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

### **FINANCIAL EFFECTS OF THE TJYS DISPOSAL**

Subject to and upon the Disposal Completion, the Company will cease to have any interest in the TJYS Group.

It is estimated that the Company will recognise an unaudited gain on the TJYS Disposal upon completion of the TJYS Share Transfer Agreement of approximately HK\$4,295,000 for the year ending 31 March 2018 (which was calculated with reference to the Disposal Consideration of HK\$15,000,000, less the carrying value of the Sale Interest of approximately HK\$9,434,000 and after deducting the estimated transaction costs of approximately HK\$714,000 and the PRC Corporate Income Tax payable for the gain on the TJYS Disposal of approximately HK\$557,000).

The actual gain (or loss) as a result of the TJYS Disposal to be recorded by the Company is subject to audit and will be assessed after the Disposal Completion.

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## LETTER FROM THE BOARD

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According to the unaudited pro forma financial information of the Company after the TJYS Disposal as set out in Appendix III to this circular, assuming the Disposal Completion had taken place on 30 September 2017, the total assets and net assets of the Company after the TJYS Disposal would increase by approximately HK\$4,295,000 and the total liabilities of the Company after the TJYS Disposal would remain unchanged.

### **INTENDED USE OF PROCEEDS FROM THE TJYS DISPOSAL**

The Company, as an investment company under Chapter 21 of the Listing Rules, is invariably seeking suitable investment opportunities from time to time. The estimated net proceeds of HK\$13.8 million derived from the TJYS Disposal (which was calculated based on the difference between the Disposal Consideration and the estimated transaction costs and the PRC Corporate Income Tax payable for the gain on the TJYS Disposal) will mainly be used by the Company for other investment opportunities. As at the date of this announcement, there is no present investment target(s) identified by the Company.

### **FINANCIAL AND TRADING PROSPECTS**

In line with its investment strategy and policy, the Company will continue to identify appropriate investment and divestment opportunities that fit the objective and investment criteria of the Company. The current investment portfolio of the Company (excluding the TJYS Group) are investments primarily made or ultimately made in the Greater China Region. It is expected that these investments will generate more consistent and stable (or less volatile) returns to the Company and, in turn, the Shareholders.

While the Company currently has sufficient financial resources for its future investment, it will continue to seek appropriate investment or divestment opportunities so as to bring positive impact on the operating and financial results to the Company in the foreseeable future.

### **IMPLICATION UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the TJYS Disposal as calculated under Rule 14.07 of the Listing Rules exceeds 75%, the TJYS Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, further details of the TJYS Disposal and a notice convening the Special General Meeting to approve the TJYS Share Transfer Agreement and the TJYS Disposal contemplated under it is expected to be despatched to the Shareholders on or before 30 January 2018 to allow sufficient time to prepare and finalise the circular including, among other matters, compiling the financial information and indebtedness statement of the Company and such other information as required under the applicable Listing Rules for inclusion in the circular.

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## LETTER FROM THE BOARD

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### **SPECIAL GENERAL MEETING**

The Company will convene the Special General Meeting at Unit 3, 5th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong on Thursday, 15 February 2018 at 10:00 a.m. to consider the TJYS Disposal contemplated under the TJYS Share Transfer Agreement. An ordinary resolution will be put to the vote by poll at the Special General Meeting pursuant to the Listing Rules.

A notice of the Special General Meeting is set out on pages SGM-1 to SGM-3 of this circular.

Any Shareholder with a material interest in the TJYS Disposal and his/her/its associate(s) are required to abstain from voting on the resolution approving the TJYS Share Transfer Agreement and the TJYS Disposal contemplated thereunder in accordance with the Listing Rules.

To the best of the Directors' knowledge, none of the Shareholders has a materially different interest in the TJYS Disposal contemplated under the TJYS Share Transfer Agreement. No Shareholder is required to abstain from voting in respect of the resolution(s) approving the TJYS Share Transfer Agreement and the TJYS Disposal contemplated under it at the Special General Meeting.

A form of proxy for use at the Special General Meeting is enclosed with this circular. Whether or not you intend to attend and vote at the Special General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Branch Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Special General meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjournment thereof if you so wish.

### **RECOMMENDATION**

The Directors are of the view that the terms of the TJYS Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the Special General Meeting.



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## LETTER FROM THE BOARD

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### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 February 2018 to Thursday, 15 February 2018 (both days inclusive) during which no transfer of Shares may be effected for the purpose of determining shareholders who are entitled to attend and vote at the Special General Meeting. In order to qualify for attending and voting at the Special General Meeting, all transfer documents accompanied by the relevant share certificate(s) should be lodged for registration with the Branch Share Registrar by 4:30 p.m. on Friday, 9 February 2018.

### GENERAL

Shareholders and potential investors of the Company should note that, completion of the TJYS Disposal contemplated under the TJYS Share Transfer Agreement is subject to fulfillment of the Conditions disclosed in this circular and may or may not materialise.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

### ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully  
By order of the Board of  
**Grand Investment International Ltd.**  
**He Luling**  
*Chairman*

**I. FINANCIAL INFORMATION OF THE COMPANY**

Details of the financial information of the Company for each of the three financial years ended 31 March 2015, 2016 and 2017 are disclosed in the annual reports of the Company for the years ended 31 March 2015, 2016 and 2017 respectively.

Details of the financial information of the Company for the six months ended 30 September 2017 are disclosed in the interim report of the Company for the six months ended 30 September 2017.

The financial statements of the Company for each of the three financial years ended 31 March 2015, 2016 and 2017 were audited by East Asia Sentinel Limited, Certified Public Accountants, Hong Kong and did not contact any qualifications.

The financial statements of the Company for the six months ended 30 September 2017 were not audited, but have been reviewed by East Asia Sentinel Limited, Certified Public Accountants, Hong Kong.

These annual reports and the interim report are published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company ([www.irasia.com/listco/hk/grandinvestment](http://www.irasia.com/listco/hk/grandinvestment)). The quick links to the above annual reports and interim report of the Company are set out below:

Annual report for the financial year ended 31 March 2015 (pages 27 to 65)	<a href="http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0625/LTN20150625487.pdf">http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0625/LTN20150625487.pdf</a> (English version)
	<a href="http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0625/LTN20150625488_C.pdf">http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0625/LTN20150625488_C.pdf</a> (Chinese version)
Annual report for the financial year ended 31 March 2016 (pages 29 to 69)	<a href="http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0613/LTN20160613572.pdf">http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0613/LTN20160613572.pdf</a> (English version)
	<a href="http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0613/LTN20160613573_C.pdf">http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0613/LTN20160613573_C.pdf</a> (Chinese version)

Annual report for the financial year ended 31 March 2017 (pages 32 to 67) <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0622/LTN20170622264.pdf> (English version)

[http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0622/LTN20170622265\\_C.pdf](http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0622/LTN20170622265_C.pdf) (Chinese version)

Interim report for the six months ended 30 September 2017 (pages 7 to 18) <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1211/LTN20171211491.pdf> (English version)

[http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1211/LTN20171211492\\_C.pdf](http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1211/LTN20171211492_C.pdf) (Chinese version)

## **II. STATEMENT OF INDEBTEDNESS**

At the close of business on 31 December 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Company did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, intra-group liabilities or other similar indebtedness, mortgages, charges, guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the applicable rates of exchange at the close of business on 31 December 2017.

## **III. WORKING CAPITAL STATEMENT**

The Directors are of the opinion that in the absence of unforeseen circumstances and after taking into account the financial resources available to the Company and also taking into account the effect of the TJYS Disposal, the Company will have sufficient working capital for at least twelve months from the date of this circular.

## **IV. MATERIAL CHANGE**

Save as disclosed in the Company's interim report dated 27 November 2017 for the six months ended 30 September 2017, the Directors were not aware of any material adverse change in the financial or trading position or prospect of the Company since 31 March 2017, the date to which the latest audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

**V. MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY AFTER THE TJYS DISPOSAL**

Set out below is the management discussion and analysis of the Company after the TJYS Disposal for the years ended 31 March 2015, 2016 and 2017 and the six months ended 30 September 2017:

***For the year ended 31 March 2015*****OPERATING RESULTS**

During the year ended 31 March 2015 (the “Year”), Grand Investment International Ltd. (the “Company”) recorded an overall gain on its investment portfolios of approximately HK\$117,000 (2014: HK\$155,000), comprising a net realised gain on disposal on investments of approximately HK\$124,000 (2014: HK\$100,000) and a net unrealised loss of investments of approximately HK\$7,000 (2014: HK\$233,000). The Group also recorded other revenues of approximately HK\$1,976,000 (2014: HK\$2,002,000), including, among others, a distribution income of HK\$476,000 (2014: HK\$2,001,000) from an unlisted limited partnership invested by the Group.

**PROSPECTS**

Momentum of the market slowed as uncertainty looms over China’s stance on loose monetary policy, new MERS virus, MSCI exclusion of A-shares into the index and the imminent US interest rate hike. Only a month ago, the Hang Seng Index (HSI) was under influence by strong market catalysts, including China’s accelerated capital market and state owned enterprises reforms, liberalised investment policies and relaxed mutual funds restriction under the Shanghai-Hong Kong Stock Connect Program. There had been a significant increase in Chinese capital outflows and an expansion of cross border investment activities during the Year.

In view of the market climate, we are seeing reduced valuation gap between A and H shares as share price converges. Simultaneously, investors had been flooding into the already competitive direct investment and equity markets, which render the seizing of sound and potential investment projects with attractive valuations more challenging.

With funds returned from our exited investments, we are closely monitoring new investment opportunities as well as existing ones. We will seek new ventures and projects through direct investments or investment funds focused in China and abroad. We aim to target opportunities with the most optimal risk return dynamic for our shareholders.

**LIQUIDITY AND FINANCIAL RESOURCES**

As of 31 March 2015, the Company had bank balances of approximately HK\$235,000 (2014: HK\$2,058,000).

The Board concludes that the Company has sufficient financial resources to satisfy its immediate investment and working capital requirements. There was no long term borrowing and calculation of gearing ratio was not applicable (2014: N/A).

The Company had net assets of approximately HK\$38,653,000 (2014: HK\$37,522,000).

**EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

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

**CHARGE ON COMPANY’S ASSETS AND CONTINGENT LIABILITIES**

As at 31 March 2015, there were no charges on the Company’s assets or any significant contingent liabilities (2014: Nil).

**CAPITAL EXPENDITURES AND COMMITMENTS**

The Company had no capital commitments as at 31 March 2015 (2014: N/A).

**CAPITAL STRUCTURE**

As at 31 March 2015, the total number of ordinary shares of HK\$0.10 each in the Company (the “Shares”) in issue was 172,800,000 (2014: 172,800,000).

**EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2015, the Company had 8 employees (2014: 9), including the executive and independent non-executive Directors. Total staff cost for the Year was HK\$1,377,000 (2014: HK\$1,267,000). The Company’s remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of the individual. The size of the Company’s work force is expected to remain more or less the same in the coming year.

*For the year ended 31 March 2016*

## **OPERATING RESULTS**

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

## **PROSPECTS**

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

Meanwhile, we are keeping watchful eyes and working with management in our direct investment in the game development company, Joyport Holdings Limited. The direct investment sector remains very competitive in China and the investment environment is becoming increasingly challenging. Therefore, we are targeting steady income investments. Our most recent property investment in the US is intended to provide a regular income. The property has been leased to a major business center for shared office space. We hope the investment can offer stable income stream and complement our other direct investments, which tend to depend on long term capital appreciation. Likewise, new investment initiatives will likely be steady income generating investments, including but not limited to fixed income or equities. We will stay vigilant in monitoring our portfolio companies while seeking a balance of risk and return for our shareholders.

**LIQUIDITY AND FINANCIAL RESOURCES**

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

The Board concludes that the Company has sufficient financial resources to satisfy its immediate investment and working capital requirements. There was no long term borrowing and the calculation of gearing ratio was not applicable (2015: N/A).

The Company had net assets of approximately HK\$26,731,000 (2015: HK\$38,653,000).

**EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

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

**CHARGE ON COMPANY’S ASSETS AND CONTINGENT LIABILITIES**

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

**CAPITAL EXPENDITURES AND COMMITMENTS**

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

**CAPITAL STRUCTURE**

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

**EMPLOYEES AND REMUNERATION POLICY**

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

remuneration committee is delegated by the Board to review and determine the terms of remuneration packages of all executive Directors and senior management of the Company and make recommendations to the Board on the remuneration of non-executive Directors.

*For the year ended 31 March 2017*

**OPERATING RESULTS**

For the year ended 31 March 2017 (the “Year”), Grand Investment International Ltd. (the “Company”) recorded an overall loss of approximately HK\$5,977,000 (2016: overall loss of approximately HK\$11,922,000), comprising a net realised gain on disposal of investments of approximately HK\$257,000 (2016: net realized loss of approximately HK\$253,000) and no net unrealised gain/loss on investments (2016: net unrealised loss on investments of approximately HK\$1,154,000). The Group also recorded other revenues of approximately HK\$25,000 (2016: HK\$35,000).

**PROSPECTS**

Given the change in the shareholding structure of the Company, new directions and investment prospects are in the pipeline. We will continue to target investments with strong earning prospect and business model that will bring the shareholders the most optimal return.

**POST BALANCE SHEET EVENTS**

On 27 March 2017, Mr Lee Tak Lun, a controlling shareholder of the Company, and his controlled companies, namely Grand Finance Group Company Limited and Optimize Capital Investments Limited (collectively, the “Selling Shareholders”), entered into a sale and purchase agreement (the “Agreement”) with Blue Canary Consulting Group Limited, Renown Future Limited and Treasure Isle Global Limited (collectively, the “Concert Party Group”), to dispose of their entire equity interest in the Company, representing approximately 68.02% of the entire issued share capital of the Company as at the date thereof, at the consideration of HK\$213,922,800 (the “Disposal”). The Agreement was duly completed on the same date.

Immediately after the completion of the Disposal, the Concert Party Group was interested in 117,540,000 shares of the Company in aggregate, representing approximately 68.02% of the issued share capital of the Company. Accordingly, the Concert Party Group is required to make a mandatory unconditional cash offer for all the issued shares (other than those already owned or agreed to be acquired and subscribed by the Concert Party Group and parties acting in concert with it) (the “General Offer”). Upon the completion of the General Offer on 26 May 2017, the Concert Party Group had received valid acceptances in respect of a total of 40,836,500 shares, representing approximately 23.63% of the entire



issued share capital of the Company. As a result, the Concert Party Group and parties acting in concert with it are interested in an aggregate of 158,376,500 Shares, representing approximately 91.65% of the entire issued share capital of the Company.

#### **LIQUIDITY AND FINANCIAL RESOURCES**

As of 31 March 2017, the Company had bank balances of approximately HK\$8,688,000 (2016: HK\$6,309,000).

The Board concludes that the Company has sufficient financial resources to satisfy its immediate investment and working capital requirements. There was no long term borrowing and calculation of gearing ratio was not applicable (2016: N/A).

The Company had net assets of approximately HK\$20,754,000 (2016: HK\$26,731,000).

#### **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

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

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

As at 31 March 2017, there were no charges on the Company’s assets or any significant contingent liabilities (2016: Nil).

#### **CAPITAL EXPENDITURES AND COMMITMENTS**

The Company had no capital commitments as at 31 March 2017 (2016: N/A).

#### **CAPITAL STRUCTURE**

As at 31 March 2017, the total number of ordinary shares of HK\$0.10 each in the Company (the “Shares”) in issue was 172,800,000 (2016: 172,800,000).

#### **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2017, the Company had 5 employees (2016: 6), including the executive Directors. Total staff cost for the Year was HK\$1,311,000 (2016: HK\$ 1,242,000).

*For the six months ended 30 September 2017*

### **INTERIM RESULTS**

During the Period, the Company recorded a loss of approximately HK\$5,865,000 (period ended 30 September 2016: loss of approximately HK\$3,240,000). The loss was attributed mostly to the administrative expenses of approximately HK\$4,525,000 and the impairment provision for the equity interests in 730 Arizona (as defined below) of approximately HK\$1,355,000 for the interim period of this year.

The net asset value per ordinary share of HK\$0.10 of the Company was HK\$0.09 as at 30 September 2017 (31 March 2017: HK\$0.12).

### **BUSINESS OVERVIEW AND PROSPECTS**

In the past six months, the Company continued to integrate and carry on investment management and monitoring of existing portfolio companies. As an investment company, we seek to optimize investment and divestment opportunities, especially when holding equities of private companies. The illiquid nature of private equities presents challenges for disposal. Identifying the right acquirer or divesting our investment is often not guaranteed. The private equities market in China is changing rapidly. While healthy Chinese economic activities are leading to government projection of 6.5% growth in GDP for 2017, the investment trend is also evolving with more focus on technology and its application on daily lives as well as consumerism with cultural dimension. As such, investment environment often correlates with current market sentiment. It is the responsibility of the Company to make sure our exposure in the right sector is matched with new investment initiatives internally. Divestment is necessary to make room for new investments. We will continue to seek the balance of investing and divesting with the aim to capture the optimal risk and reward within our portfolio companies.

### **DIRECT INVESTMENTS/FUND INVESTMENTS**

A brief description of the business information of our direct investments and fund investment as at 30 September 2017 is as follows:

#### ***DIRECT INVESTMENTS***

##### *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 to massive multiplayer online roleplaying games and mobile games.

*730 Arizona Avenue II, LLC (“730 Arizona”)*

730 Arizona is a limited liability company registered in the US that invests in a Delaware limited liability company which holds a 40% indirect 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 US.

**FUND INVESTMENT***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 the PRC.

During the Period, these direct investments and fund investment have been reclassified from noncurrent assets to current assets as the Company intends to divest these investments to raise working capital for other potential investments.

Save for these direct investments and fund investment, the Company has not held any investment, the value of which was over 5% of the Company’s net assets value as at 30 September 2017.

**SIGNIFICANT EVENTS DURING THE PERIOD**

On 27 March 2017, Mr Lee Tak Lun, a former controlling shareholder of the Company, and his controlled companies, namely Grand Finance Group Company Limited and Optimize Capital Investments Limited (collectively, the “Selling Shareholders”) entered in a sale and purchase agreement (the “Agreement”) with Blue Canary Consulting Group Limited (“Blue Canary”), Renown Future Limited and Treasure Isle Global Limited (collectively, the “Concert Party Group”), to dispose of their respective equity interests in the Company, representing, in aggregate, approximately 68.02% of the entire issued share capital of the Company as at the date of the Agreement, at the total consideration of HK\$213,922,800 (the “Disposal”). The Agreement was duly completed on the same date.

Immediately after the completion of the Disposal, the Concert Party Group became interested in 117,540,000 shares of the Company (the “Shares”) in aggregate, representing approximately 68.02% of the issued share capital of the Company. Accordingly, the Concert Party Group was required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired and subscribed by the Concert Party Group and parties acting in concert with it) (the “General Offer”). Upon the completion of the General Offer on 26 May 2017, the Concert Party Group had received valid acceptances in respect of a total of 40,836,500 shares, representing approximately 23.63% of the entire issued share capital of the Company. As a result, the Concert Party Group and parties acting in concert with it became interested in an aggregate of 158,376,500 Shares, representing approximately 91.65% of the entire issued share capital of the Company. A total of 28,776,500 shares of the Company, representing approximately 16.65% of the entire issued share capital of the Company were subsequently placed to not less than six independent placees (the “Placing”) through a placing agent appointed by Blue Canary to restore the 25% minimum public float of the Shares of the Company. The Placing was completed on 7 July 2017.

#### **EVENT AFTER THE REPORTING PERIOD**

On 5 October 2017, the Company entered into a transfer agreement with an independent third party to dispose of the Company’s 14.42% equity interests in 730 Arizona for a cash consideration of HK\$3,000,000. The disposal was completed in October 2017. An impairment provision for the equity interests in 730 Arizona of approximately HK\$1,355,000 was made during the Period. No further gain or loss on disposal for this investment would be recognized in the statement of profit or loss and other comprehensive income for the financial year ending 31 March 2018.

#### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2017, the Company had bank balances of approximately HK\$6,230,000 (31 March 2017: HK\$8,688,000). The Board believes that the Company has sufficient financial resources to meet its immediate investment and working capital requirements. There was no long term borrowing and calculation of gearing ratio was not applicable.

As at 30 September 2017, the Company had net assets of approximately HK\$14,889,000 (31 March 2017: HK\$20,754,000).

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

As at 30 September 2017, there were no charges on the Company’s assets or any significant contingent liabilities (31 March 2017: Nil).

**CAPITAL EXPENDITURES**

The Company did not make any significant capital expenditure during the Period (30 September 2016: Nil).

**COMMITMENTS**

The Company had no capital commitments as at 30 September 2017 (31 March 2017: Nil).

**CAPITAL STRUCTURE**

As at 30 September 2017, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000 (31 March 2017: 172,800,000).

**PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the Period, the Company had not purchased, sold or redeemed any of its securities (30 September 2016: Nil).

**EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

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

**EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2017, the Company had 4 (31 March 2017: 5) employees, including the executive Director of the Company.

Total staff cost for the Period amounted to HK\$1,275,000 (period ended 30 September 2016: HK\$619,000). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of the individual employees.

**UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TJYS GROUP**

Set out below are the unaudited consolidated statements of financial position of the TJYS Group as of 31 December 2014, 2015, 2016 and as of 30 September 2017, and the related unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flow for each of the years ended 31 December 2014, 2015 and 2016 and for the periods of nine months ended 30 September 2016 and 2017, and explanatory notes (collectively referred to as the “Unaudited Financial Information”). The Unaudited Financial Information has been prepared on the basis set out in section A below and prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company’s auditors, East Asia Sentinel Limited, have reviewed the Unaudited Financial Information of the TJYS Group in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal”, issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditors to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditors do not express an audit opinion.

The auditors have issued a qualified review report which stated that they were not able to obtain sufficient supporting document of the TJYS Group in order for them to complete their review procedures on the Unaudited Financial Information. Consequently, the auditors were (i) not able to complete their review procedures as to conclude whether the financial information of the TJYS Group was prepared, in a material respects, in accordance with Hong Kong Financial Reporting Standards, which comprise the unaudited consolidated statements of financial position of the TJYS Group as of 31 December 2014, 2015, 2016 and as of 30 September 2017, and the unaudited consolidated statements of comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows for the years ended 31 December 2014, 2015, 2016 and for the periods of nine months ended 30 September 2016 and 2017; (ii) not able to complete their review concerning the items presented under the sections of cash flow from operating activities, investing activities and financing activities in the unaudited consolidated statements of cash flows of the TJYS Group; and (iii) not able to tally the opening balances of the financial information of the TJYS Group for the periods of nine months ended 30 September 2016 and 2017 with the closing balances as reported in the unaudited consolidated financial statements of the TJYS Group for the years ended 31 December 2015 and 2016

respectively. Had the auditors been able to complete their review procedures of the Unaudited Financial Information, matters might have come to their attention indicating that adjustments might be necessary to the Unaudited Financial Information.

Based on the auditors' review, except for the effects of the matters described in the paragraph above relating to the auditors' inability to complete their review procedures on the Unaudited Financial Information of the TJYS Group, nothing has come to auditors' attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 below.

**Directors' views regarding the qualification in the auditors' review report**

On the qualification made by the auditors regarding the Unaudited Financial Information in their review report as disclosed above, the Directors are of the views that, given that (i) the available-for-sale asset to be disposed of (that is, a minority stake of only 3.955% in TJYS) has never been consolidated in the Company's accounts before the contemplated TJYS Disposal; (ii) though TJYS is not too in-cooperative, it has no obligation to render prompt and full assistance or provide supporting documents to its unaudited financial information to a minority shareholder other than after its financial year end; (iii) the current contemplated transaction of the Company is a disposal transaction (as opposed to an acquisition transaction), the qualification in the auditors' review report due to a lack of sufficient supporting documents to complete their review (as opposed to an audit) for certain unaudited financial information for the nine months' ended 30 September 2016 and 30 September 2017 in the disposal transaction regarding TJYS should not affect or materially affect the Shareholders to make an informed decision as to whether or not to vote for or against the TJYS Disposal.

## UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TJYS GROUP

Unaudited consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2016 and 2017

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3,300,233	3,228,488	2,937,449	2,120,969	2,904,667
Less: Cost of revenue	(2,515,571)	(2,584,090)	(2,412,924)	(1,784,345)	(2,636,025)
Tax and associated charges	(35,205)	(63,577)	(53,063)	(13,887)	(15,758)
Less: Selling expenses	(174,227)	(188,970)	(122,023)	(37,707)	(35,485)
Management expenses	(487,913)	(423,699)	(346,470)	(287,269)	(258,757)
Financial expenses	(123,537)	(147,332)	(135,493)	(103,795)	(115,254)
Add: Changes in fair value	26,233	174,115	163,405	134,993	169,500
Investment profit/(loss)	5	5	(466)	6	-
Operating profit/(loss)	(9,984)	(5,060)	30,415	28,965	12,888
Non-operating income	11,754	5,886	4,737	4,275	1,726
Less: Non-operating expenses	(943)	(466)	(562)	(242)	(4,611)
Profit before tax	827	360	34,590	32,998	10,003
Less: Income tax	(19,282)	(184)	(8,606)	1,801	11,742
Net (loss)/profit for the year/period	(18,455)	176	25,984	34,799	21,745
Other comprehensive income/(loss) for the year/period	20,233	254	-	-	-
Total comprehensive income/(loss) for the year/period	1,778	430	25,984	34,799	21,745



Unaudited consolidated statements of financial position at 31 December 2014, 2015 and 2016  
and 30 September 2017

	At 31 December			At 30
	2014	2015	2016	September
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current assets</b>				
Cash & cash equivalents	184,821	327,491	129,646	323,513
Pledged deposits for guarantees	–	25,000	60,000	–
Short term investment	564	731	643	643
Accounts receivable	–	–	191	970
Notes receivable	–	50	23,000	10,389
Other receivables	63,664	46,590	147,233	86,944
Prepayments	6,085	614	22,003	9,986
Inventories	35,496	38,286	32,610	44,041
Other current assets	<u>15,716</u>	<u>4,498</u>	<u>9,227</u>	<u>–</u>
<b>Total current assets</b>	306,346	443,260	424,553	476,486
<b>Non-current assets</b>				
Investment properties	767,684	1,460,720	2,040,440	2,209,940
Long-term receivables	–	–	346,625	1,116,055
Long-term investments	–	–	728	728
Fixed assets	1,711,233	1,141,459	1,091,153	961,247
Construction in progress	259,121	304,737	1,138	807
Intangible assets	227,207	220,043	126,868	122,858
Deferred expenditures	141,319	137,337	119,474	185,762
Deferred tax asset	<u>1,330</u>	<u>18,112</u>	<u>28,686</u>	<u>103,225</u>
<b>Total non-current assets</b>	<u>3,107,894</u>	<u>3,282,408</u>	<u>3,755,112</u>	<u>4,700,622</u>
<b>Total assets</b>	<u><b>3,414,240</b></u>	<u><b>3,725,668</b></u>	<u><b>4,179,665</b></u>	<u><b>5,177,108</b></u>

**APPENDIX II**
**FINANCIAL INFORMATION OF THE TJYS GROUP**

	At 31 December			At 30
	2014	2015	2016	September
	RMB'000	RMB'000	RMB'000	2017 RMB'000
<b>Current liabilities</b>				
Short-term loans	774,779	996,981	1,054,500	1,062,728
Notes payable	60,860	–	40,000	652,103
Accounts payable	463,931	535,907	574,726	298,590
Advance from customers	75,821	64,336	58,998	65,760
Salary payables	5,285	10,463	10,444	7,767
Tax payables	23,726	32,973	36,829	(22,430)
Other payables	62,025	125,170	78,115	278,792
Interest payables	4,196	4,127	3,503	2,685
Other current liabilities	<u>5,585</u>	<u>3,591</u>	<u>1,935</u>	<u>–</u>
<b>Total current liabilities</b>	<u><u>1,476,208</u></u>	<u><u>1,773,547</u></u>	<u><u>1,859,050</u></u>	<u><u>2,345,995</u></u>
<b>Non-current liabilities</b>				
Long-term loans	1,200,350	1,199,910	1,238,421	843,980
Long-term payables	–	–	292,350	1,112,318
Other non-current liabilities	–	–	–	2,413
Deferred tax liabilities	<u>15,910</u>	<u>30,008</u>	<u>41,658</u>	<u>116,287</u>
<b>Total non-current liabilities</b>	<u><u>1,216,260</u></u>	<u><u>1,229,918</u></u>	<u><u>1,572,429</u></u>	<u><u>2,074,998</u></u>
<b>Total liabilities</b>	<u><u>2,692,468</u></u>	<u><u>3,003,466</u></u>	<u><u>3,431,479</u></u>	<u><u>4,420,993</u></u>
<b>Shareholder's equity</b>				
Subscribed Capital	220,277	220,277	220,277	220,277
Fair value reserve	20,233	20,487	20,487	20,487
Surplus reserve	59,311	60,065	60,895	60,895
Retained earnings	<u>421,951</u>	<u>421,373</u>	<u>446,527</u>	<u>454,456</u>
<b>Total shareholder's equity</b>	<u><u>721,772</u></u>	<u><u>722,202</u></u>	<u><u>748,186</u></u>	<u><u>756,115</u></u>
<b>Total liabilities and equity</b>	<u><u>3,414,240</u></u>	<u><u>3,725,669</u></u>	<u><u>4,179,665</u></u>	<u><u>5,177,108</u></u>

**APPENDIX II**
**FINANCIAL INFORMATION OF THE TJYS GROUP**
**Unaudited consolidated statements of changes in equity for the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2016 and 2017**

	Paid-in Capital <i>RMB'000</i>	Fair Value Reserve <i>RMB'000</i>	Surplus Reserve <i>RMB'000</i>	Retained Profits <i>RMB'000</i>	Total Shareholders' Equity <i>RMB'000</i>
At 1 January 2014	220,277	–	57,150	442,567	719,994
Loss for the year	–	–	–	(18,455)	(18,455)
Other comprehensive income for the year	–	20,233	–	–	20,233
Total comprehensive income for the year	–	20,233	–	(18,455)	1,778
Transfer from retained profits	–	–	2,161	(2,161)	–
At 31 December 2014	220,277	20,233	59,311	421,951	721,772
Profit for the year	–	–	–	176	176
Other comprehensive income for the year	–	254	–	–	254
Total comprehensive income for the year	–	254	–	176	430
Transfer from retained profits	–	–	754	(754)	–
At 31 December 2015	220,277	20,487	60,065	421,373	722,202
Profit for the year	–	–	–	25,984	25,984
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	–	–	25,984	25,984
Transfer from retained profits	–	–	830	(830)	–

**APPENDIX II**
**FINANCIAL INFORMATION OF THE TJYS GROUP**

	<b>Paid-in Capital</b>	<b>Fair Value Reserve</b>	<b>Surplus Reserve</b>	<b>Retained Profits</b>	<b>Total Shareholders' Equity</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2016	220,277	20,487	60,895	446,527	748,186
Profit for the period	-	-	-	21,745	21,745
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	-	21,745	21,745
Transfer from retained profits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 September 2017	<u>220,277</u>	<u>20,487</u>	<u>60,772</u>	<u>468,272</u>	<u>769,931</u>
At 1 January 2016	220,277	20,487	60,065	421,373	722,202
Profit for the period	-	-	-	34,799	34,799
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	-	34,799	34,799
Transfer from retained profits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 September 2016	<u>220,277</u>	<u>20,487</u>	<u>60,065</u>	<u>456,172</u>	<u>757,001</u>

**APPENDIX II****FINANCIAL INFORMATION OF THE TJYS GROUP****Unaudited consolidated statements of cash flows for the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2016 and 2017**

Items	Year ended 31 December			Nine months ended 30 September	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000	2017 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from sales of goods and provision of services	3,600,883	3,773,360	3,077,429	2,216,195	3,191,337
Cash received from return of taxes and fees	2,687	14,233	1,717	1,717	1,061
Cash received from other related operating activities	612,660	58,753	7,561,914	867,832	490,553
Cash paid for goods and services	(3,021,355)	(3,078,181)	(2,568,056)	(1,712,568)	(3,100,123)
Cash paid to or on behalf of employees	(231,444)	(195,004)	(164,924)	(124,858)	(107,900)
Taxes paid	(171,697)	(131,722)	(124,917)	(95,001)	(95,431)
Other cash paid relating to operating activities	<u>(843,267)</u>	<u>(318,523)</u>	<u>(7,763,029)</u>	<u>(953,750)</u>	<u>(316,293)</u>
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>	<u>(51,533)</u>	<u>122,916</u>	<u>20,134</u>	<u>199,567</u>	<u>63,204</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Cash inflow from return on investment	5	5	6	6	-
Net cash received from disposal of fixed, intangible and other long-term assets	47	(162)	-	-	372
Other cash received relating to investing activities	-	-	57	57	-
Cash paid for purchase of fixed, intangible and other long-term assets	(157,366)	(84,321)	(32,673)	(30,685)	(9,189)
Cash paid for investment	-	(87,391)	(1,200)	-	-
Other cash paid relating to investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,110)</u>	<u>-</u>
<b>NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES</b>	<u>(157,314)</u>	<u>(171,869)</u>	<u>(33,810)</u>	<u>(109,732)</u>	<u>(8,817)</u>

**APPENDIX II**
**FINANCIAL INFORMATION OF THE TJYS GROUP**

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>CASH FLOWS FROM</b>					
<b>FINANCING ACTIVITIES:</b>					
Cash received from investments	-	87,391	-	-	-
Cash received from borrowings	830,645	1,228,841	1,645,300	1,193,300	996,728
Other cash received relating to financing activities	-	41,965	393,828	164,914	963,092
Cash paid for payment of debts	(711,278)	(1,007,079)	(1,497,451)	(1,003,207)	(1,388,290)
Cash paid for distribution of dividends or profits and for interest expenses	(105,027)	(135,468)	(184,424)	(148,224)	(114,199)
Other cash paid relating to financing activities	-	(25,000)	(541,430)	(461,973)	(377,840)
<b>NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>	<u>14,340</u>	<u>190,650</u>	<u>(184,177)</u>	<u>(255,190)</u>	<u>79,491</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>-</u>	<u>973</u>	<u>8</u>	<u>-</u>	<u>-</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(194,507)</u>	<u>142,670</u>	<u>(197,845)</u>	<u>(165,355)</u>	<u>133,878</u>
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>379,328</u>	<u>184,821</u>	<u>327,491</u>	<u>352,488</u>	<u>189,636</u>
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>184,821</u>	<u>327,491</u>	<u>129,646</u>	<u>187,133</u>	<u>323,514</u>

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF TJYS GROUP****1. GENERAL**

On 1 December 2017, Grand Investment International Ltd. (the “Company”) entered into an agreement with Trade Power Group Limited (the “Purchaser”), pursuant to which the Vendor conditionally agreed to dispose of 3.955% equity interest in 天津一商友誼股份有限公司 (Tianjin Yishang Friendship Holdings Company Ltd.) (“Tianjin Yishang”) at the cash consideration of HK\$15 million (the “Disposal Consideration”).

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 principal business activities of the TJYS Group are the operation of department stores and home retail shops in the Tianjin Province (and nearby cities) of the PRC.

Upon completion of the Disposal, the Company will cease to hold any equity interest in Tianjin Yishang and Tianjin Yishang will no longer be an investment of the Company.

**2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION**

The Unaudited Financial Information of the TJYS Group for the three years ended 31 December 2016 and the nine months ended 30 September 2017 (the “Relevant Periods”) has been prepared in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular issued by the Company in connection with the Disposal.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The amounts included in the Unaudited Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of its financial statements for the relevant years or periods which conform with Hong Kong Financial Reporting Standards issued by the HKICPA.

**(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMPANY  
AFTER THE TJYS DISPOSAL****1. General**

The unaudited pro forma financial information presented below is prepared to illustrate (a) the financial position of the Company as at 30 September 2017 as if the TJYS Disposal had been completed on 30 September 2017; and (b) the results and cash flows of the Company for the six months ended 30 September 2017 as if the TJYS Disposal had been completed on 1 April 2017.

The unaudited pro forma financial information is prepared in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and has been prepared by the Directors of the Company for illustrative purpose only.

This unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results, cash flows and financial position of the Company had the TJYS Disposal been completed as of the specified dates or any other dates.

The unaudited pro forma financial information of the Company is based upon the unaudited statement of financial position of the Company as at 30 September 2017, the unaudited statement of profit or loss and other comprehensive income and unaudited statement of cash flows of the Company for the six months ended 30 September 2017 extracted from the interim report of the Company dated 27 November 2017 after giving effect to the pro forma adjustments described in the accompanying notes and was prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules. No adjustments have been made to reflect any trading results or other transactions of the Company entered into subsequent to 30 September 2017. Narrative descriptions of the unaudited pro forma financial statements that are directly attributable to the TJYS Disposal and factually supportable are summarized in the accompanying notes to the unaudited pro forma financial information.

The unaudited pro forma financial information of the Company should be read in conjunction with the historical financial information of the Company as set out in the interim report of the Company for the six months ended 30 September 2017 and other financial information included elsewhere in the circular.



## 2. Unaudited pro forma statement of financial position of the Company after the TJYS Disposal as at 30 September 2017

	The Company as at 30 September 2017 HK\$'000 (Note (a))	Pro forma adjustments HK\$'000 (Note (b))      HK\$'000 (Note (c))		The Company after the TJYS Disposal as at 30 September 2017 HK\$'000
<b>NON-CURRENT ASSETS</b>				
Available-for-sale investments	–			–
Property, plant and equipment	<u>56</u>			<u>56</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>56</u>			<u>56</u>
<b>CURRENT ASSETS</b>				
Available-for-sale investments	17,206	(9,434)		7,772
Deposits, prepayments and other receivables	1,254			1,254
Cash and cash equivalents	<u>6,203</u>		13,729	<u>19,932</u>
<b>TOTAL CURRENT ASSETS</b>	<u>24,663</u>			<u>28,958</u>
<b>CURRENT LIABILITIES</b>				
Other payables and Accruals	<u>396</u>			<u>396</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>396</u>			<u>396</u>
<b>NET CURRENT ASSETS</b>	<u>24,267</u>			<u>28,562</u>
<b>NET ASSETS</b>	<u>24,323</u>			<u>28,618</u>
<b>CAPITAL AND RESERVES</b>				
Share capital	17,280			17,280
Reserves	<u>7,043</u>		4,295	<u>11,338</u>
<b>TOTAL EQUITY</b>	<u>24,323</u>			<u>28,618</u>

**3. Unaudited pro forma statement of profit or loss and other comprehensive income of the Company after the TJYS Disposal for the six months ended 30 September 2017**

	The Company for the six months ended 30 September 2017 <i>HK\$'000</i> <i>(Note (d))</i>	Pro forma adjustment <i>HK\$'000</i> <i>(Note (e))</i>	The Company after the TJYS Disposal for the six months ended 30 September 2017 <i>HK\$'000</i>
Revenues	–		–
Other revenues	15	4,295	4,310
Impairment loss on available-for-sale in investment	(1,355)		(1,355)
Administrative expenses	<u>(4,525)</u>		<u>(4,525)</u>
Loss before taxation	(5,865)		(1,570)
Taxation	<u>–</u>		<u>–</u>
Loss for the period	(5,865)		(1,570)
Other comprehensive income for the period	<u>–</u>		<u>–</u>
Total comprehensive loss for the period	<u><u>(5,865)</u></u>		<u><u>(1,570)</u></u>
Attributable to:			
Owners of the Company	<u><u>(5,865)</u></u>		<u><u>(1,570)</u></u>

**4. Unaudited pro forma statement of cash flows of the Company after the TJYS Disposal for the six months ended 30 September 2017**

	The Company for the six months ended 30 September 2017 <i>HK\$'000</i> <i>(Note (f))</i>	Pro forma adjustment <i>HK\$'000</i> <i>(Note (g))</i>	The Company after the TJYS Disposal for the six months ended 30 September 2017 <i>HK\$'000</i>
Net cash used in operating activities	----- (2,439)		----- (2,439)
Net cash (used in)/generated from investing activities	----- (46)	13,729	----- 13,683
(Decrease)/increase in cash and cash equivalents	(2,485)		11,244
Cash and cash equivalents at beginning period	<u>8,688</u>		<u>8,688</u>
Cash and cash equivalents at end of the period	<u><u>6,203</u></u>		<u><u>19,932</u></u>
Analysis of the balance of cash and cash equivalents			
Cash and bank balances	<u><u>6,203</u></u>		<u><u>19,932</u></u>

**5. Notes to the unaudited pro forma financial information**

- (a) The amounts are extracted from the unaudited condensed statement of financial position of the Company as at 30 September 2017 as set out in the published interim report of the Company for the six months ended 30 September 2017.
- (b) The adjustment represents the exclusion of the Company's 3.955% equity interest in Tianjin Yishang based on its carrying amount as at 30 September 2017 stated in the unaudited condensed statement of financial position of the Company, assuming the TJYS Disposal had been completed on 30 September 2017. The Company's carrying amount of interest in Tianjn Yishang as at 30 September 2017 represents the Company's investment at cost less any impairment losses.

- (c) These adjustments represent (i) the cash consideration for the TJYS Disposal of HK\$15,000,000 to be received by the Company; (ii) the carrying value of the Company's equity interest in Tianjin Yishang of approximately HK\$9,434,000 as at 30 September 2017; (iii) the payment of the estimated transaction costs directly attributable to the TJYS Disposal of approximately of HK\$714,000; and (iv) the tax payable for the gain on the TJYS Disposal of approximately HK\$557,000.

Pursuant to the TJYS Share Transfer Agreement, the Disposal Consideration of HK\$15,000,000 is to be settled entirely by cash.

- (d) The amounts are extracted from the unaudited condensed statement of profit or loss and other comprehensive income of the Company for the six months ended 30 September 2017 as set out in the published interim report of the Company for the six months ended 30 September 2017.
- (e) The adjustment represents the estimated net gain on the TJYS Disposal as if it had taken place on 1 April 2017, which is calculated as follows:

	<i>HK\$'000</i>
Disposal Consideration	15,000
Less: Estimated tax on TJYS Disposal	(557)
Estimated transaction costs*	(714)
 Estimated net proceeds from the TJYS Disposal	 13,729
Less: Carrying value of investment in Tianjin Yishang as at 1 April 2017	(9,434)
 Estimated net gain on the TJYS Disposal	 4,295

\* The amount represents the estimated transaction costs directly attributable to the TJYS Disposal, including not limited to the legal and professional fees and other incidental costs, arising from the TJYS Disposal estimated by the Directors.

- (f) The amounts are extracted from the unaudited condensed statement of cash flows of the Company for the six months ended 30 September 2017 as set out in the published interim report of the Company for the six months ended 30 September 2017.
- (g) The adjustment represents the net cash flows from the TJYS Disposal as if it had taken place on 1 April 2017 which comprise the estimated net proceeds from the TJYS Disposal as calculated in note (e) above.

**(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants, East Asia Sentinel Limited, Certified Public Accountants, Hong Kong, in respect of the Company's unaudited pro forma financial information for the purpose in this circular.

**East Asia Sentinel Limited**  
**衛亞會計師事務所有限公司***Certified Public Accountants*22/F, Tai Yau Building  
181 Johnston Road  
Wanchai, Hong KongTel : +852 2521 2328  
Fax : +852 2525 9890  
Email : letters@EastAsiaSentinel.com  
www.EastAsiaSentinel.com**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF GRAND INVESTMENT INTERNATIONAL LTD.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Grand Investment International Ltd., (the "Company") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position as at 30 September 2017, the unaudited pro forma statement of profit or loss and other comprehensive income and unaudited pro forma statement of cash flow for the six months ended 30 September 2017 and related notes as set out in Part A of Appendix III to the circular dated 30 January 2018 (the "Circular") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Part A of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of 3.955% of the entire equity interest of 天津一商友誼股份有限公司 (Tianjin Yishang Friendship Holdings Company Ltd.) on the Company's financial position as at 30 September 2017 and the Company's financial performance and cash flows for the six months ended 30 September 2017 as if the Disposal had taken place at 30 September 2017 and 1 April 2017 respectively. As part of this process, information about the Company's financial position as at 30 September 2017 and the Company's financial performance and cash flows for the six months ended

30 September 2017 has been extracted by the Directors from the interim report of the Company for the six months ended 30 September 2017, on which a review report has been published.

#### **Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

#### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 September 2017 or 1 April 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**East Asia Sentinel Limited**

**So Kwok Keung Keith**

Practising Certificate No. P1724

Hong Kong

30 January 2018



**RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**SHARE CAPITAL**

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

<i>Authorised share capital</i>	<i>HK\$</i>
<u>1,000,000,000</u> Shares	<u>100,000,000</u>
<i>Issued and fully paid share capital</i>	<i>HK\$</i>
<u>172,800,000</u> Shares	<u>17,280,000</u>

All the existing Shares rank equally in all respects with each other including rights in respect of dividends, voting and return of capital.

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

**DISCLOSURE OF INTERESTS****(a) Directors' and/or executive's interest in Shares**

As at the Latest Practicable Date, none of the Directors or chief executive(s) (if any) of the Company and their associates had any interest or short position in the Shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

**(b) Substantial Shareholders**

Save as disclosed below, as at the Latest Practicable Date, so far as is known to the Directors and chief executive(s) (if any) of the Company, no person had or was deemed or taken to have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Capacity	Number of issued Shares held (L) <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 4)</i>
Renown Future Limited <i>(Note 2)</i>	Beneficial owner	88,129,080	51.00%
Treasure Isle Global Limited <i>(Note 3)</i>	Beneficial owner	25,954,878	15.02%
Mr Li Bohan <i>(Note 3)</i>	Interest of controlled corporation <i>(Note 3)</i>	25,954,878	15.02%
Mr Zhang Jianming <i>(Note 3)</i>	Interest of controlled corporation <i>(Note 3)</i>	25,954,878	15.02%

*Notes:*

- (1) The letter “L” represents the entity’s interest in the Shares.
- (2) Renown Future Limited is a company incorporated in the BVI with limited liability, the entire issued capital of which is beneficially owned as to 20% by Mr Wang He (王賀), 20% by Mr Liu Wei (劉瑋), 20% by Mr Yan Xu (嚴旭), 20% by Mr Ji Qiang (季強) and 20% by its sole director, Mr He Luling (賀魯玲). Mr He is also the chairman and a non-executive director of the Company.
- (3) Treasure Isle Global Limited is a company incorporated in the BVI with limited liability, the entire issued capital of which is beneficially owned as to 50% by Mr Li Bohan (李博翰) and 50% by Mr Zhang Jianming (張劍鳴). Mr Li and Mr Zhang is each deemed to be interested in the Shares in which Treasure Isle Global Limited has interests by virtue of Part XV of the SFO.
- (4) The percentage of shareholding is calculated on the basis of 172,800,000 Shares in issue as at the Latest Practicable Date.

**LITIGATION**

As at the Latest Practicable Date, the Company was not 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 by or against the Company.

**DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company which is not expiring nor terminable by the Group within a year without payment of any compensation (other than statutory compensation).

**DIRECTORS' INTEREST IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Company.

**COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Company's business) which competes or is likely to compete either directly or indirectly with the Company's business.

**MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date and save as disclosed in the Company's interim report dated 27 November 2017 for the six months ended 30 September 2017, they are not aware of any material adverse change in the financial or trading position of the Company since 31 March 2017, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

**MATERIAL CONTRACTS**

There had been no other contracts, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company, entered into by the Company within two years immediately preceding the date of this circular and up to the Latest Practicable Date which are or may be material.

**QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
East Asia Sentinel Limited (“EASL”)	Certified Public Accountants

EASL has given and has not withdrawn its written consent to the issue of this circular 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, EASL did not have any shareholding, direct or indirect, in the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company, nor did it have any direct or indirect interest in any assets which had been, since 31 March 2017, being the date of the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to the Company, or were proposed to be acquired or disposed of by or leased to the Company.

**GENERAL**

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The secretary of the Company is Ms Leung So Sze, who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (c) The head office and principal place of business of the Company in Hong Kong is situated at Unit 3, 5th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the head office and principal place of business of the Company in Hong Kong at Unit 3, 5th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong from the date of this circular up to and including the date of the Special General Meeting:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for each of the two financial years ended 31 March 2016 and 2017 and the interim report of the Company for the six months ended 30 September 2017;
- (c) East Asia Sentinel Limited's assurance report on the compilation of the unaudited pro forma financial information on the Company set out in Appendix III to this circular; and
- (d) this circular.

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## NOTICE OF SPECIAL GENERAL MEETING

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大唐投資國際有限公司\*

**GRAND INVESTMENT INTERNATIONAL LTD.**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1160)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of Grand Investment International Ltd. (the “**Company**”) will be held at Unit 3, 5th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong on Thursday, 15 February 2018 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modification), the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT** the terms and conditions, and the entering into, of the conditional share transfer agreement dated 1 December 2017 (the “**TJYS Share Transfer Agreement**”) entered into between (i) Grand Investment International Ltd. (the “**Company**”) (as vendor) and (ii) Trade Power Group Limited (the “**Purchaser**”) (as purchaser) regarding the disposal by the Company of the equity interest held by it in 天津一商友誼股份有限公司 (Tianjin Yishang Friendship Holdings Company Ltd.\*) (“**Tianjin Yishang**”) (being 8,711,964 shares, representing approximately 3.955% of the entire equity interest, in Tianjin Yishang held by the Company) to the Purchaser (the “**TJYS Disposal**”) at the consideration of HK\$15,000,000 and subject to and upon the terms and conditions contained in the TJYS Share Transfer Agreement (a copy of which has been produced to the meeting marked “**A**” and signed by the chairman of the Meeting for the purpose of identification); and the transactions contemplated under the TJYS Share Transfer Agreement be and are hereby approved, confirmed and/or ratified (as the case may be); and that any one director or (if affixing of seal is required) any two directors of the Company be authorised for and on behalf of the Company, among other matters, to sign, execute, perfect, deliver (including under seal, where applicable) and to authorise the signing, executing, perfecting and delivering (including under seal, where applicable) of all such documents and deeds, and to do or authorise doing all such acts, matters and things, as he/she may in his/her absolute discretion consider necessary, expedient or desirable to give effect to and implement and/or complete all matters in connection with the transactions contemplated under and/or

\* *For identification purposes only*

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## NOTICE OF SPECIAL GENERAL MEETING

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ancillary to the TJYS Share Transfer Agreement, and to waive compliance from or make and agree such variations of a non-material nature to any of the terms of the TJYS Share Transfer Agreement as he/she may in his/her absolute discretion consider to be desirable and in the interests of the Company, and all of such acts of the director(s) of the Company as aforesaid be hereby approved, ratified and confirmed (as the case may be).”

Yours faithfully

For and on behalf of the board of directors

**Grand Investment International Ltd.**

**He Luling**

*Chairman*

Hong Kong, 30 January 2018

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business in Hong Kong:*

Unit 3, 5th Floor, Greenfield Tower  
Concordia Plaza  
No. 1 Science Museum Road  
Kowloon, Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more separate proxy(ies) to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the Meeting is enclosed with the circular of the Company dated 30 January 2018.
3. To be valid, the form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited (the “**Branch Share Registrar**”), at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (or any adjournment thereof).
4. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting or at any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

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## NOTICE OF SPECIAL GENERAL MEETING

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6. The register of members of the Company will be closed from Monday, 12 February 2018 to Thursday, 15 February 2018 (both days inclusive), during which period no transfer of the Shares will be effected. In order to qualify for attending the Meeting or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Branch Share Registrar at the above address by no later than 4:30 p.m. on Friday, 9 February 2018.
7. Resolution set out in this notice will be taken by poll at the Meeting.

*As at the date of this notice, the executive director of the Company is Ms Lee Wai Tsang, Rosa; the non-executive director of the Company is Mr He Luling (Chairman); and the independent non-executive directors of the Company are Ms Ma Yin Fan, Ms Yan Yan and Mr Xu Yanfa.*