



大唐投資國際有限公司*

GRAND INVESTMENT INTERNATIONAL LTD.

(incorporated in Bermuda with limited liability)

Stock Code: 1160

Interim Report 2015

Positioned for **GROWTH**

Contents

Corporate Information	2
Unaudited Condensed Interim Financial Statements	3
Condensed Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Statement of Financial Position	5
Condensed Statement of Changes in Equity	6
Condensed Statement of Cash Flows	7
Notes to the Unaudited Condensed Interim Financial Statements	8
Management Discussion and Analysis	16

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Dr. Huang Zhijian

Mr. Lee Wai Wang, Robert

Independent Non-Executive Directors

Mr. Lu Fan

Dr. Chow Yunxia, Carol

Mr. Lam Chi Wai

COMPANY SECRETARY

Ms. Wong Chui San, Susan

AUDIT COMMITTEE

Mr. Lu Fan (*Chairman*)

Mr. Lam Chi Wai

Dr. Chow Yunxia, Carol

INVESTMENT MANAGER

Grand Investment (Securities) Limited

A3, 32/F, United Centre

95 Queensway

Hong Kong

CUSTODIAN

DBS Bank Ltd., Hong Kong Branch

18/F, The Center

99 Queen's Road Central

Hong Kong

AUDITORS

East Asia Sentinel Limited

22/F, Tai Yau Building

181 Johnston Road

Wanchai, Hong Kong

PRINCIPAL BANKER

OCBC Wing Hang Bank Limited

161 Queen's Road Central

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

A301, 32/F, United Centre

95 Queensway

Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

31/F, 148 Electric Road

North Point

Hong Kong

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong law:

Chiu & Partners

40/F, Jardine House

1 Connaught Place

Hong Kong

As to Bermuda law:

Conyers Dill & Pearman

2901, One Exchange Square

8 Connaught Place, Central

Hong Kong

Unaudited Condensed Interim Financial Statements

RESULTS

The board (the “Board”) of directors (the “Directors”) of Grand Investment International Ltd. (the “Company”) is pleased to announce the unaudited condensed interim results of the Company for the six months ended 30 September 2015 (the “Period”) together with the comparative figures for the corresponding period in 2014. These interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee and the independent auditors.

On behalf of the Board

Grand Investment International Ltd.

Lee Wai Tsang, Rosa

Chairman

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2015

		For the six months ended	
	<i>NOTE</i>	30 September 2015 HK\$'000 (Unaudited)	30 September 2014 HK\$'000 (Unaudited)
REVENUES	5	(1,452)	(14)
OTHER REVENUES	6	18	50
ADMINISTRATIVE EXPENSES		(1,658)	(1,495)
LOSS BEFORE TAXATION	8	(3,092)	(1,459)
TAXATION	9	-	-
LOSS FOR THE PERIOD		(3,092)	(1,459)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(3,092)	(1,459)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO: Owners of the Company		(3,092)	(1,459)
INTERIM DIVIDEND	10	-	-
LOSS PER SHARE (Cents)			
– Basic	11	(1.79)	(0.84)
– Diluted	11	N/A	N/A

The notes on pages 8 to 15 form part of these unaudited condensed interim financial statements.

Condensed Statement of Financial Position

As at 30 September 2015

	<i>NOTE</i>	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Available-for-sale investments	12	32,732	26,580
CURRENT ASSETS			
Investments at fair value through profit or loss	13	3,588	517
Deposits, prepayments and other receivables	14	488	13,562
Cash and cash equivalents	15	8,316	7,591
TOTAL CURRENT ASSETS		12,392	21,670
CURRENT LIABILITIES			
Other payables and accruals	16	129	163
TOTAL CURRENT LIABILITIES		129	163
NET CURRENT ASSETS		12,263	21,507
TOTAL ASSETS LESS CURRENT LIABILITIES		44,995	48,087
NET ASSETS		44,995	48,087
CAPITAL AND RESERVES			
Share capital	17	17,280	17,280
Reserves		27,715	30,807
TOTAL EQUITY		44,995	48,087
NET ASSET VALUE PER SHARE		HK\$0.26	HK\$0.28

The notes on pages 8 to 15 form part of these unaudited condensed interim financial statements.

Condensed Statement of Changes in Equity

For the six months ended 30 September 2015

	Share capital	Share premium	Accumulated losses	Total
	HK'000	HK'000	HK'000	HK'000
Balance at 1 April 2014 (Audited)	17,280	37,786	(8,110)	46,956
Loss for the period	-	-	(1,459)	(1,459)
Balance at 30 September 2014 (Unaudited)	17,280	37,786	(9,569)	45,497
Balance at 1 April 2015 (Audited)	17,280	37,786	(6,979)	48,087
Loss for the period	-	-	(3,092)	(3,092)
Balance at 30 September 2015 (Unaudited)	17,280	37,786	(10,071)	44,995

The notes on pages 8 to 15 form part of these unaudited condensed interim financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 September 2015

	For the six months ended	
	30 September 2015 HK\$'000 (Unaudited)	30 September 2014 HK\$'000 (Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	6,859	8,140
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(6,183)	50
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	676	8,190
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	49	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	7,591	2,288
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8,316	10,478
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balance	8,316	10,478

The notes on pages 8 to 15 form part of these unaudited condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2015

1. GENERAL INFORMATION

Grand Investment International Ltd. (“the Company”) is a limited liability company incorporated in Bermuda on 15 April 2003 as an exempted company. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) since 2 April 2004.

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is Unit A301, 32/F., United Centre, 95 Queensway, Hong Kong.

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

2. BASIS OF PREPARATION

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

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

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

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

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Annual Report of the Company for the year ended 31 March 2015.

The accounting policies used in the unaudited condensed interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 March 2015 except for the adoption of new and revised standard and interpretation with effect from 1 April 2015.

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2015

4. CHANGES IN ACCOUNTING POLICIES

(a) Amendments and interpretations to existing standards effective for the Company's annual financial period beginning on 1 April 2015 and relevant to the Company

In the current period, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA that are mandatorily effective for current reporting period.

Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

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

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

Up to the date of issue of these financial statements, the HKICPA has issued a number of new standards, amendments to standards and interpretations which are effective for periods beginning after 1 April 2015, and which have not been early adopted in preparing these financial statements. These include the followings which may be relevant to the Company.

	Effective for accounting periods beginning on or after
HKAS 1 (Amendments), Disclosure Initiative	1 January 2016
HKAS 12 Income taxes and HKAS 28 Investments in associates	1 January 2016
Annual Improvements Project, Annual Improvements 2012-2014 Cycle	1 January 2016
HKFRS 14 Regulatory deferral accounts	1 January 2016
HKFRS 15 Revenue from contracts with customers	1 January 2018
HKFRS 9 (2014), Financial instruments	1 January 2018

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

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2015

5. REVENUES

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

	For the six months ended	
	30 September 2015 HK\$'000 (Unaudited)	30 September 2014 HK\$'000 (Unaudited)
Net realised gain on disposal of investments at fair value through profit or loss	(314)	1
Net unrealised holding loss on investments at fair value through profit or loss	(1,170)	(15)
Dividend income from listed securities	32	-
	(1,452)	(14)

6. OTHER REVENUES

	For the six months ended	
	30 September 2015 HK\$'000 (Unaudited)	30 September 2014 HK\$'000 (Unaudited)
Interest income	18	50

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2015

7. SEGMENT REPORTING

No segment information is presented in respect of the Company's business and geographical segments. Throughout the year, the Company has been operating principally in a single business and geographical segment.

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

	For the six months ended	
	30 September 2015 HK\$'000 (Unaudited)	30 September 2014 HK\$'000 (Unaudited)
Provision for auditors' remuneration	65	60
Directors' remuneration	471	461
Exchange loss	137	–
Mandatory provident fund	4	7
Investment manager fee	144	144
Staff cost (excluding directors' emoluments)	103	152
Operating lease payments	194	193

9. TAXATION

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimate average annual tax rate used is 16.5% for the period (period ended 30 September 2014: 16.5%). No provision has been made for Hong Kong Profits Tax as there were no estimated Hong Kong assessable profits for the Period (period ended 30 September 2014: Nil).

10. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period ended 30 September 2015 (period ended 30 September 2014: Nil).

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2015

11. LOSS PER SHARE

The calculation of loss per ordinary share is based on the unaudited loss of approximately HK\$3,092,000 for the Period (period ended 30 September 2014: loss of approximately HK\$1,459,000) attributable to shareholders and the weighted average of 172,800,000 ordinary shares (period ended 30 September 2014: 172,800,000 ordinary shares) in issue during the Period.

The Company has no potential dilutive ordinary shares that were outstanding during the two periods ended 30 September 2015 and 30 September 2014; therefore, no diluted loss per share has been presented.

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Investment securities, at cost		
Equity securities, unlisted shares	17,186	10,985
Investments in limited partnerships	15,546	15,595
	32,732	26,580

13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Equity securities, at fair value		
Listed in Hong Kong	3,588	517

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

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2015

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Deposits and other receivables	395	13,385
Prepayments	93	177
	488	13,562

15. CASH AND CASH EQUIVALENTS

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Cash and bank balances	3,952	235
Short-term bank deposits	4,364	7,356
	8,316	7,591

16. OTHER PAYABLE AND ACCRUALS

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Accrued expenses	129	163

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2015

17. SHARE CAPITAL

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Authorised:		
1,000,000,000 ordinary shares of HK\$0.1 each	100,000	100,000
Issued and fully paid:		
172,800,000 ordinary shares of HK\$0.1 each	17,280	17,280

18. RELATED PARTY TRANSACTIONS

During the Period, the Company paid rental expenses to and traded listed securities through a securities account maintained with a related company, Grand Investment (Securities) Limited ("GIS"), in which its director, Mr. Lee Tak Lun is a close family member of Mr. Lee Wai Wang, Robert and Ms. Lee Wai Tsang, Rosa, the directors of the Company. GIS was also the investment manager of the Company and was entitled to a monthly fee of HK\$24,000 (period ended 30 September 2014: HK\$24,000) for the provision of investment management services to the Company.

Details of related party transactions for the six months ended 30 September 2015 are as below:

	30 September 2015 HK\$'000 (Unaudited)	30 September 2014 HK\$'000 (Unaudited)
Investment manager fee paid to a related company	144	144
Rental expenses paid to a related company	194	186

Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2015

19. OPERATING LEASE COMMITMENTS

At 30 September 2015, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Not later than one year	50	236
In second to fifth year inclusive	-	-
	50	236

20. APPROVAL OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

This unaudited condensed interim financial statement was approved by the Board on 6 November 2015.

Management Discussion and Analysis

INTERIM RESULTS

During the Period, the Company recorded a loss of approximately HK\$3,092,000 (period ended 30 September 2014: loss of approximately HK\$1,459,000).

The net asset value per ordinary share of HK\$0.10 ("Share") of the Company was HK\$0.26 as at 30 September 2015 (31 March 2015: HK\$0.28).

BUSINESS OVERVIEW AND PROSPECTS

The past six months had been a roller coaster ride. Starting from April, A-H share investors experienced euphoria leading to significant rallies and increased trading volume in the market. As turnover grew and as more investors entered the market, some cracks ranging from overextended margin financing to overvaluation of companies started to show. The valuation of the market was slowly becoming overpriced and economic data from China did not support the strong forward Price-to-Earning ratio (PEX) of some of the stocks trading at their all-time high's. The rally came fast and left fast; the long awaited bull market was over before investors realised. The early summer Eurozone crisis triggered by near default of Greece, a series of policies implemented initially by the Chinese government to cool the market, and a sudden depreciation of the Renminbi ("RMB") led both A-H stock markets to correct from August onwards.

The significant drop of Chinese market had triggered a global sell-off in risky assets which spilt over to all major developed markets. The deteriorating economic data from China also caused a near collapse in commodities including oil, gold and copper etc., which brought even more volatility to the market. As a result, the long awaited interest hike by the Federal Reserve System of the United States of America ("US") had been postponed. Debate continues currently whether a hike will occur within this year. The US is also concerned with the near term strong United States Dollars ("USD") that can add further pressure to topline growth of corporate earnings, hindering the overall economic recovery of the country.

During the past six months of our financial year, our equities portfolio had suffered from the dramatic volatility of the market. We had cut losses on some of our more vulnerable position and kept the ones that can better weather this financial environment. As a result, the loss reflected are both realised loss and loss from opened positions that could potentially recover in the future. As of the end of the Period, equities portfolio consists approximately 8% of our entire portfolio. We will continue to monitor the existing positions closely to maximize the return prospect for our investment.

DIRECT INVESTMENTS/FUND INVESTMENTS

In respect of our direct investments and limited partnerships, we have successfully invested in a real estate project in the US. As China continues to slow down, we will seek meaningful ways to add value to our existing project and find profitable exit strategy when possible. Our regular review on each investment allows us to monitor the prospect for return on each case. We continue to work diligently to balance the aspect of risk-return during this volatile market.

Management Discussion and Analysis

A brief description of the business information of our direct investments and fund investments is as follows:

DIRECT INVESTMENTS

Tianjin Yishang Friendship Holdings Co., Ltd (“Tianjin Yishang”)

Tianjin Yishang is a sino-foreign enterprise incorporated in the People’s Republic of China (“PRC”) on 6 January 2006 under a re-organisation whereby Tianjin Yishang Development Company Limited, a stated-owned enterprise in the PRC, was converted into Tianjin Yishang. The business activities of Tianjin Yishang and its subsidiaries and branches are to operate department stores in the PRC.

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 the Massive Multiplayer Online Role-Playing Games, which can support more than 10,000 concurrent players.

Lot Software Systems International Limited (“Lot Software”)

Lot Software (together with its subsidiaries, “Lot Software Group”) is a limited liability company incorporated under the laws of the British Virgin Islands. It focuses on software outsourcing business in Japan and Mainland China. As a result of the disposal of major subsidiaries in the Lot Software Group, the Company, as a shareholder of Lot Software, became entitled to an one-off cash distribution of \$11,421,000, which had been recognised as “other revenue” in our financial statements for the year ended 31 March 2015.

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

730 Arizona is a limited liability company registered in the US that invests into a commercial building at 730 Arizona Avenue, Santa Monica, California 90401 (the “Property”). The Property is a 1989 four-storey office building with two floors of underground parking and has a total rental area of approximately 28,822 square feet. The asset is managed by 730 Arizona Avenue Management LLC, a limited liability company registered in California, the US.

FUND INVESTMENTS

CMHJ Technology Fund II, L.P (“CMHJ”)

CMHJ is a limited partnership registered pursuant to the Exempted Limited Partnership Law of the Cayman Islands on 28 September 2005. The principal activity of CMHJ is to make venture capital investments, principally by investing in and holding equity and equity-oriented securities of privately held early stage to Pre-IPO companies in the technology-enabled services and products industries with markets and/or operations in Mainland China.

INVESTMENT IN SECURITIES

The Company maintains a conservative approach on the equities portfolio and existing portfolio companies. We monitor our risk exposure regularly and will use option hedging strategy when appropriate. In addition, we rebalance our equities portfolios when necessary, while selectively choose those stocks with the most balanced risk and return potential.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Company was in a sound liquidity position. As at 30 September 2015, the Company had bank balances of approximately HK\$8,316,000 (31 March 2015: HK\$7,591,000). There was no borrowing or funding requirements by the Company for investment and capital expenditures. The Board believes that the Company has sufficient financial resources to meet its investment or working capital requirements.

As at 30 September 2015, the Company had net assets of approximately HK\$44,995,000 (31 March 2015: HK\$48,087,000) with no long term liabilities. The Company's cash and cash equivalents were denominated in Hong Kong dollars ("HKD") and USD.

CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2015, there were no charges on the Company's assets or any significant contingent liabilities (31 March 2015: Nil).

The calculation of debt to equity ratio (expressed as a percentage of bank and other borrowings over total net assets of the Company) is not applicable.

CAPITAL EXPENDITURES

The Company did not make any significant capital expenditure during the Period (30 September 2014: Nil).

COMMITMENTS

As at 30 September 2015, the Company had irrevocable operational leases of approximately HK\$50,000 (31 March 2015: HK\$236,000) which was to be repaid within one year.

The Company did not have any capital commitments as at 30 September 2015 (31 March 2015: Nil).

CAPITAL STRUCTURE

As at 30 September 2015, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000 (31 March 2015: 172,800,000).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period ended 30 September 2015 (30 September 2014: Nil).

PURCHASE, SALE AND REDEMPTION

During the Period, the Company had not purchased, sold or redeemed any of its securities (30 September 2014: Nil).

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the Company had 7 (31 March 2015: 8) employees, including the executive and independent non-executive Directors of the Company.

Total staff cost for the Period amounted to HK\$574,000 (period ended 30 September 2014: HK\$613,000). 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.

FOREIGN CURRENCY EXPOSURE

The Company's investments may be denominated in currencies other than HKD, and is to a certain extent exposed to fluctuation of the exchange rate. The Board believes that foreign exchange risks are minimal as the other currencies used (mostly in RMB and an insignificant portion in USD) are relatively stable against HKD.

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted as at 30 September 2015 or at any time during the Period under review.

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

At no time during the Period was the Company or its associated companies a party to any arrangements to enable the Directors or chief executive of the Company to acquire any interests or benefits by means of acquisition of shares, underlying shares in or debentures of the Company.

DIRECTORS' AND/OR EXECUTIVES'S INTEREST IN SHARES

As at 30 September 2015, none of the Directors or chief executive (if any) of the Company and their associates had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Management Discussion and Analysis

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2015, as far as the Directors are aware, the Company had been notified of the following substantial shareholders' interests or short positions in the shares and underlying shares in the Company (representing 5% or more of the Company's issued share capital) which were recorded in the register maintained by the Company under Section 336 of the SFO:

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of existing shareholding (Note 5)
1. Optimize Capital Investments Limited ("Optimize Capital")	Beneficial owner	14,980,000 (long position) (Note 1)	8.67%
2. Lee Tak Lun	Interest of a controlled corporation	14,980,000 (long position) (Note 1)	8.67%
	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
	Beneficial owner	67,380,000	38.99%
		117,540,000	68.02%
3. Grand Finance Group Company Limited ("GFG")	Registered and beneficial owner	35,180,000 (long position) (Notes 2 to 4)	20.36%
4. Jumbo China Holdings Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
5. Billion Sky Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%
6. Win Key Investments Limited	Interest of a controlled corporation	35,180,000 (long position) (Notes 2 to 4)	20.36%

Management Discussion and Analysis

Notes:

1. Optimize Capital is a company incorporated in the British Virgin Islands, and is solely owned by Mr. Lee Tak Lun. Mr. Lee Tak Lun is the father of Ms. Lee Wai Tsang, Rosa and Mr. Lee Wai Wang, Robert, both are executive Directors. Mr. Lee Tak Lun is taken to be interested in these Shares under Part XV of the SFO.
2. GFG is a company incorporated in Hong Kong, the entire issued capital of which is beneficially owned as to 58% by Jumbo China Holdings Limited, 28% by Bright Pearl Limited and 14% by Win Key Investments Limited. Jumbo China Holdings Limited is taken to be interested in these shares under Part XV of the SFO.
3. The entire issued share capital of Jumbo China Holdings Limited is beneficially owned as to 79.31% by Billion Sky Limited. Billion Sky Limited is taken to be interested in these Shares under Part XV of the SFO.
4. The entire issued share capital of Billion Sky Limited is beneficially owned as to 59.55% by Win Key Investments Limited (the entire issued share capital of which is beneficially owned by Mr. Lee Tak Lun). Win Key Investments Limited and Mr. Lee Tak Lun are taken to be interested in these Shares under Part XV of the SFO.
5. The percentage of shareholding is calculated on the basis of 172,800,000 shares in the Company in issue as at 30 September 2015.

Save as disclosed above, as far as the Directors are aware, no other person had 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 the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 September 2015.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Since the publication of the Company's annual report for the financial year ended 31 March 2015 up to 6 November 2015 (being the date of approval of this interim report), there is no change of information of each Director that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPETITION AND CONFLICT OF INTEREST

None of the Directors or substantial shareholders of the Company or any of their respective associates has an interest in a business, which causes or may cause any significant competition with the business of the Company.

Management Discussion and Analysis

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted codes of conduct regarding securities transactions by Directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules. On specific enquiries made, all Directors have confirmed that, in respect of the Period, they had complied with the required standard set out in the Model Code regarding Directors’ securities transactions.

AUDIT COMMITTEE

The Company’s audit committee, comprising of three independent non-executive Directors, had reviewed with the management of the Company the accounting principles and practices adopted by the Company and discussed the auditing, internal control and financial reporting matters including a review of the Company’s unaudited interim financial statements for the six months ended 30 September 2015.

BOARD OF DIRECTORS

As at the date of this Report, the Board comprises three executive Directors, namely Ms. Lee Wai Tsang, Rosa, Dr. Huang Zhijian and Mr. Lee Wai Wang, Robert and three independent non-executive Directors, Mr. Lu Fan, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai.

By order of the Board

Grand Investment International Ltd.

Lee Wai Tsang, Rosa

Chairman

Hong Kong, 6 November 2015