



大唐投資國際有限公司*

GRAND INVESTMENT INTERNATIONAL LTD.

(incorporated in Bermuda with limited liability)

Stock Code: 1160

Positioned for
Growth

Annual Report
2016-17

* for identification purpose only

Contents

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	5
Corporate Governance Report	7
Biographical Details of Directors	16
Report of the Directors	18
Environmental, Social and Governance (ESG) Report	26
Independent Auditors' Report	28
Statement of Comprehensive Income	32
Statement of Financial Position	33
Statement of Changes in Equity	34
Statement of Cash Flows	35
Notes to the Financial Statements	36
Five-Year Financial Summary	68

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Lee Wai Tsang, Rosa (*Chairman*
until her re-designation on 16 June 2017)

Dr. Huang Zhijian (*will resign with effect on 16 June 2017*)

Mr. Lee Wai Wang, Robert
(will resign with effect on 16 June 2017)

Non-executive Director

Mr. He Luling (*Chairman*)
(to be appointed on 16 June 2017)

Independent Non-Executive Directors

Dr. Chow Yunxia, Carol
(will resign with effect on 16 June 2017)

Mr. Lam Chi Wai (*will resign with effect on 16 June 2017*)

Mr. Lu Fan (*will resign with effect on 16 June 2017*)

Ms. Ma Yin Fan (*to be appointed on 16 June 2017*)

Ms. Yan Yan (*to be appointed on 16 June 2017*)

Mr. Xu Yanfa (*to be appointed on 16 June 2017*)

COMPANY SECRETARY

Ms. Wong Chui San, Susan
(will resign with effect on 16 June 2017)

Ms. Leung So Sze (*to be appointed on 16 June 2017*)

AUDIT COMMITTEE

Mr. Lu Fan (*will resign with effect on 16 June 2017*)

Mr. Lam Chi Wai (*will resign with effect on 16 June 2017*)

Dr. Chow Yunxia, Carol
(will resign with effect on 16 June 2017)

Ms. Ma Yin Fan (*to be appointed on 16 June 2017*)

Mr. He Luling (*to be appointed on 16 June 2017*)

Ms. Yan Yan (*to be appointed on 16 June 2017*)

Mr. Xu Yanfa (*to be appointed on 16 June 2017*)

REMUNERATION COMMITTEE

Mr. Lu Fan (*will resign with effect on 16 June 2017*)

Mr. Lee Wai Wang, Robert
(will resign with effect on 16 June 2017)

Dr. Chow Yunxia, Carol
(will resign with effect on 16 June 2017)

Ms. Yan Yan (*to be appointed on 16 June 2017*)

Mr. He Luling (*to be appointed on 16 June 2017*)

Ms. Ma Yin Fan (*to be appointed on 16 June 2017*)

Mr. Xu Yanfa (*to be appointed on 16 June 2017*)

NOMINATION COMMITTEE

Mr. Lu Fan (*will resign with effect on 16 June 2017*)

Dr. Huang Zhijian (*will resign with effect on 16 June 2017*)

Dr. Chow Yunxia, Carol
(will resign with effect on 16 June 2017)

Mr. He Luling (*to be appointed on 16 June 2017*)

Ms. Ma Yin Fan (*to be appointed on 16 June 2017*)

Ms. Yan Yan (*to be appointed on 16 June 2017*)

Mr. Xu Yanfa (*to be appointed on 16 June 2017*)

INVESTMENT MANAGER

Grand Investment (Securities) Limited
A3, 32/F, United Center
No. 95, Queensway
Hong Kong

CUSTODIAN

DBS Bank Ltd., Hong Kong Branch
18/F, The Center,
99 Queen's Road Central
Hong Kong

AUDITORS

East Asia Sentinel Limited
22/F, Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong

Corporate Information

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 Center
No. 95, Queensway
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
31/F, 148 Electric Road
North Point
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law:

Michael Li & Co.
19th Floor, Prosperity Tower
No. 39 Queen's Road Central
Central
Hong Kong

As to Bermuda law:

Conyers Dill & Pearman
2901, One Exchange Square
8 Connaught Place, Central
Hong Kong

Chairman's Statement

Over the past financial year, much of the financial and investment environment is dominated by geopolitical uncertainty. Starting from the United States (the "US"), the market has superficially rallied on the promise of new presidential administrative policy for greater tax cuts and expansion of domestic jobs. Strong economic data had indicated domestic growth directly resulted from the previous administration. While short of delivering on actual tax reforms and fiscal stimulus in the US, the new Trump administration can count on the momentum of the US economic growth to help keep the stock markets at steady state as the Federal Open Market Committee raises 25 basis points on 15 June and continues to assess the economy in the remaining year. In Europe, the victory of Emmanuel Macron in the French presidential election alleviated the immediate threat of an European Union break up, which not only boosted the stock market sentiment, but also the EUR currency. In the United Kingdom, Prime Minister Theresa May had miscalculated her support from the public by initiating the snap General Election only to lose parliamentary majority resulting in a hung parliament where no majority party presides. As a result, GBP has promptly dropped and is expected to remain in the decade low. As for Asia, the potential North Korea risk appears to be easing but it would not be a surprise for tensions to heighten from time to time. As such, the market risk premium for equities in the region will increase accordingly.

For now, US and China enjoys a relatively warm relationship for the near term. Chinese export is unlikely going to receive an extensive tariff and that will facilitate the rally of companies with exposure in China in the short term. Even though Chinese A-shares has not over-performed compared to its peers, the velocity of approving listed companies within the recent months had facilitated some of the liquidity needs for many corporations in China. We can also expect the speed of initial public offerings to slowdown as the global trend on tighter financial regulation persists. Meanwhile, aggressive crackdown on financial corruptions, such as, shadow banking and mainland insurers, will nudge the market on track for better governance. As RMB stabilizes, the urgency of capital outflow has also reduced. Finally, the Chinese politburo is due for rotation by the end of the third quarter this year. The A-shares market is expected to remain steady until then.

Looking forward, I am optimistic that the new change of ownership will bring new direction and potential to the Company. The future strategy will be focused on viable investments with a strategy that optimizes the return for shareholders. I believe the new Board will also continue to seek viable exits on existing investments to reach the best return. I would like to express my sincere gratitude to the resigning Board members for their valuable contributions during their tenure of office and service to the Company.

Lee Wai Tsang, Rosa

Chairman

Hong Kong, 15 June 2017

Management Discussion and Analysis

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.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the Year (2016: Nil).

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). For more details on the Company’s financial risks management policies, please refer to note 24 to the financial statements.

The Company had net assets of approximately HK\$30,188,000 (2016: HK\$36,165,000).

Management Discussion and Analysis

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).

APPRECIATIONS

I would like to thank our existing Directors for their extraordinary commitment and diligence in reviewing the terms of the General Offer. Their strong professional work ethics and unwavering dedication had been instrumental in the smooth and timely completion of the General Offer. Their hard work and contribution to the Company are greatly valued and much appreciated.

Lee Wai Tsang, Rosa

Chairman

Hong Kong SAR, 15 June 2017

Corporate Governance Report

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

During the year ended 31 March 2017 (the “Year”), the Company complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

BOARD OF DIRECTORS

Composition

As at 31 March 2017, the board (the “Board”) of directors (the “Directors”) of the Company comprises six directors of the Company, of which three are executive Directors, namely Ms. Lee Wai Tsang, Rosa (Chairman), Dr. Huang Zhijian and Mr. Lee Wai Wang, Robert, and three are independent non-executive Directors (“INEDs”), namely Dr. Chow Yunxia, Carol, Mr. Lam Chi Wai and Mr. Lu Fan. Biographical details of each Director are set out on pages 16 to 17 of this Annual Report. All INEDs have complied with the provisions set out in Rule 3.13 of the Listing Rule. The Board is satisfied that the independence of INEDs up to the date of this Annual Report is in accordance with the Listing Rules.

Responsibilities of Directors

The Board is accountable to the shareholders of the Company (the “Shareholders”) for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its businesses by directing and supervising the Company’s affairs. The Board is responsible for development of strategies and monitoring business performance of the Company. It has formalised the functions reserved to the Board to achieve a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to the executive Directors and senior management to deal with day-to-day operations and reviewed those arrangements on a periodic basis. Every Director is kept informed of his/her responsibilities as a director of the Company under the laws of Hong Kong and the Listing Rules and of the conduct, business activities and development of the Company. All Directors have access to the advice and relevant information from the secretary of the Company (the “Company Secretary”) to ensure that procedures of the Board functions and all applicable rules and regulations are followed. All INEDs also have independent access to the executive Directors in respects of operating issues.

A Director’s Handbook setting out the guidelines on the conduct which directors of a listed company should follow is issued to every Director. This handbook also outlines the regulatory requirements of disclosing any relevant personal interest, change in personal particulars and potential conflict of interest to the Company and regulatory bodies including the Stock Exchange in a timely manner.

Directors are provided with complete, adequate explanation and information to enable them to make an informed decision or assessment of the Group’s performance, position and prospects and to discharge their duties and responsibilities on a timely basis. The Directors, to properly discharge their duties, are given access to independent professional advisers, when necessary, at the expense of the Company.

Relationship between Board Members

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

Corporate Governance Report

Board and general meetings

The Board meets regularly and at least four Board meetings are scheduled annually. Ad-hoc meetings are convened when it considers necessary. Sufficient notice is served to all Directors before the Board meetings. All Directors are entitled to have access to Board papers and related materials at a reasonable time before the intended date of a Board or Board committee meeting unless there are restrictions on disclosure due to legal and regulatory requirements or other justifiable grounds.

Upon convening a Board meeting, drafts of agenda and relevant documents are sent to Directors for review and comment. The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Such minutes are recorded in details for the matters considered by the participants of such meetings and decisions reached, including concerns raised by Directors and/or dissenting views expressed. The meeting minutes are circulated to relevant Directors or committee members within reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings and are open for inspection at any reasonable time on reasonable notice by any Director. According to the current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. Individual is required to disclose the conflict of interest and will abstain from voting on such matter in the final deliberation or decision.

The following is the attendance record of these 7 Board meetings:

Name of Director	No. of Meetings Attended/Held	Attendance Rate
<i>Executive Directors</i>		
Ms. Lee Wai Tsang, Rosa	7/7	100%
Dr. Huang Zhijian	7/7	100%
Mr. Lee Wai Wang, Robert	7/7	100%
<i>Independent Non-Executive Directors</i>		
Mr. Lu Fan	7/7	100%
Dr. Chow Yunxia, Carol	7/7	100%
Mr. Lam Chi Wai	7/7	100%

Corporate Governance Report

The Company held its annual general meeting for the year ended 31 March 2016 (the “2016 AGM”) on 15 July 2016 and no further general meetings was held by the Company during the Year. Due to overseas business engagement, some of the Directors attended the 2016 AGM through telephone conferencing. Ms. Lee Wai Tsang, Rosa, the chairman of the Board, hosted the 2016 AGM to ensure effective communication with the Shareholders. The following is the Directors’ attendance record of the 2016 AGM:

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

CORPORATE GOVERNANCE

The Directors are fully indemnified against costs, charges, losses, expenses and liabilities that may be incurred by them during the course of execution and discharge of their duties or any matters in relation thereto. A Directors’ and Officers’ Liability Insurance policy for providing such indemnity has been arranged.

The INEDs have the same duties of care and skill and fiduciary duties as the executive Directors. The functions of INEDs include, but not limited to:

- participating in Board meetings to bring an independent judgment to bear on issues of corporate strategy, corporate performance, accountability, resources, key appointments and standard of conducts;
- taking the lead where potential conflicts of interests arise;
- serving and active participating on committees, if invited;
- attending general meetings of the Company and developing a balanced understanding of the views of shareholders; and
- scrutinizing the Group’s performance in achieving agreed corporate goals and objectives and monitoring the reporting of performance.

Corporate Governance Report

The Board is also responsible for performing and had performed, during the Year, the corporate governance functions and duties of the Company to ensure compliance with the Listing Rules including:

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare financial statements of the Company for each financial period which give a true and fair view of the state of affairs of the Company and that the financial statements are prepared in accordance with the statutory and regulatory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Company. The Directors confirm that, to the best of their knowledge and, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable futures and have prepared the financial statements on a going concern accordingly.

AUDIT COMMITTEE

The Company has established with written terms of reference an Audit Committee whose members are Mr. Lu Fan, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai, all being INEDs. Mr. Lu Fan is the chairman of the Audit Committee. The terms of reference of the Audit Committee are consistent with the relevant provisions of the CG Code. The duties of the Audit Committee include reviewing all matters relating to the scope of audit, such as the financial statements, and providing supervision over the Company's financial reporting procedures and internal control system and risk management systems.

The Audit Committee held 4 meetings in the Year. The following is the attendance record of the meetings held by the Audit Committee for the Year:

Name of Committee Members	No. of Meetings Attended/Held	Attendance Rate
Mr. Lu Fan (<i>Chairman</i>)	4/4	100%
Dr. Chow Yunxia, Carol	4/4	100%
Mr. Lam Chi Wai	4/4	100%

Corporate Governance Report

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

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

On 15 June 2017, after thorough review, discussion and consideration by the Audit Committee, the Audit Committee recommended to the Board:

1. to approve the audited financial statements for the Year together with the Report of the Directors and the Independent Auditors' Report before the announcement of the Company's annual results; and
2. to propose in the forthcoming annual general meeting for re-appointing East Asia Sentinel Limited ("Auditors") as Auditors of the Company for the ensuing year and to hold office until conclusion of the annual general meeting for the year ending 31 March 2018 at a fee to be agreed with the Directors.

The Audit Committee does not include a former partner of the existing Auditors of the Company. During the financial year under review, the amount of remuneration paid to the Auditor was as below:

Nature of Services	HK\$'000
Audit services	190
Other advisory services	–

The Audit Committee has been provided with sufficient resources to discharge its responsibilities. The Audit Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.

REMUNERATION COMMITTEE

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

The major role and functions of the Remuneration Committee are to formulate, review and deliberate on the remuneration policy and related matters of the Company. The Company's remuneration policy is in line with the prevailing market practices and is determined primarily on the basis of performance and experience of each Director.

Corporate Governance Report

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

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

During the Year, the Remuneration Committee has, amongst others things, made recommendations to the Board regarding the Company's remuneration policy and for the formulation and review of the specific remuneration package of all Directors and senior management of the Company.

NOMINATION COMMITTEE

The Company has set up with written terms of reference a Nomination Committee whose members are Dr. Huang Zhijian, being an executive Director, Mr. Lu Fan and Dr. Chow Yunxia, Carol, both being INEDs. Mr. Lu Fan is the chairman of the Nomination Committee. The Nomination Committee is responsible for dealing with matters of appointment, retirement and re-election of the Directors. The Company's nomination policy is in line with the prevailing market practices and is determined primarily on the basis of performance and experience of each Director.

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

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

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

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

Corporate Governance Report

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

The terms of reference of each of the above Board committees, which define the role, authority and function delegated to them by the Board, are available on the websites of the Stock Exchange and the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transaction by Directors of Listed Issuers” (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiries to all Directors, the Directors confirmed that they had complied with the required standards laid down in the Model Code throughout the Year.

DIRECTORS’ AND AUDITORS’ ACKNOWLEDGEMENT

The Audit Committee and the Board have reviewed the Company’s financial statements for the Year under review. The Directors have acknowledged their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment of the Company’s performance, position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast doubt upon the Company’s ability to continue as a going concern.

East Asia Sentinel Limited, Certified Public Accountants and the auditors of the Company for the Year have acknowledged their reporting responsibilities in the “Independent Auditors’ Report” on pages 28 to 31 of this Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company exercises individual accountability, follows protocol and procedures, monitors investment progress, provides transparency and review risk assessment. This internal guideline serves as the reference for each Director. Decisions are made through majority vote. The Company did not have internal audit function, but the Board has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group, covering all material controls, including but not limited to financial, operation, compliance controls and risk management functions.

INVESTMENT COMMITTEE

On investment subjects, the investment committee (the “Investment Committee”) established by the Board is responsible for making investment related decisions. All corporate decisions are made collectively by the Board including the INEDs.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

CONSTITUTIONAL DOCUMENTS

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

Corporate Governance Report

TRAINING FOR DIRECTORS

The Company continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. The Company provides internal trainings and in-house briefings to the Directors to ensure awareness of best corporate governance practices. The Company also periodically circulates reading materials relating to the general business, investment, or director's duties and responsibility to all the Directors. We had held two sessions of corporate governance training during the Year, which were attended by Ms. Lee Wai Tsang, Rosa (Chairman), Dr. Huang Zhijian, Mr. Lee Wai Wang, Robert, Dr. Chow Yunxia, Carol, Mr. Lam Chi Wai and Mr. Lu Fan.

COMPANY SECRETARY

Our Company Secretary, Ms. Wong Chui San, Susan, fulfilled the hours of training required under Rule 3.29 of the Listing Rules to perform the duties required.

NON-EXECUTIVE DIRECTORS

The term of appointment of each non-executive Director is for a period for three years.

AUDITOR'S REMUNERATION

Our auditor, East Asia Sentinel Limited, provided audit services to earn HK\$190,000 (2016: HK\$171,000). No non-audit service was provided. Our Directors acknowledged their responsibility for preparing the accounts and a statement by the auditors about their reporting responsibilities.

SHAREHOLDER'S RIGHTS

Convening of Special General Meeting (SGM) on Requisition

The following procedures are subject to the Company's bye-laws (the "Bye-laws"), the Bermuda Companies Act 1981 (the "CA") and applicable legislation and regulation.

1. Members of the Company (the "Members") holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda, for the attention of the company secretary of the Company (the "Company Secretary"), to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.
2. The written requisition must state the purposes of the general meeting, signed by the Member(s) concerned and may consist of several documents in like form, each signed by one or more of those Members.
3. If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements and the Bye-laws to all the registered Members. If the requisition is invalid, the Members concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

Corporate Governance Report

4. The notice period to be given to all the registered Members for consideration of the proposal raised by the Member(s) concerned at a SGM varies according to the nature of the proposal, as follows: at least twenty-one (21) clear days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended (other than a mere clerical amendment to correct a patent error); and at least fourteen (14) clear days' in writing if the proposal constitutes an ordinary resolution of the Company.

Enquiries to the Board

Shareholders have been provided with contact details of the Company on the Company's website, such as telephone number, fax number, email address and postal address, in order to enable them to make any enquiries that they may have with respect to the Company. They can also send their enquiries to the Board using these means. In addition, shareholders can contact Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

Putting Forward Proposals at General Meetings

1. The Company is required to hold an annual general meeting ("AGM") every year, and may hold a general meeting known as a special general meeting whenever necessary.
2. Shareholders of the Company holding (i) not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting of the Company; or (ii) not less than 100 Shareholders, can submit a written request stating the resolution intended to be moved at an AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.
3. The written request/statements must be signed by the Shareholders concerned and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda, for the attention the Company Secretary, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.
4. If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the Shareholders concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Shareholders concerned in accordance with the statutory requirements to all the registered Shareholders. If the written request is invalid or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Shareholders concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Ms. Lee Wai Tsang, Rosa

Ms. Lee Wai Tsang, Rosa, aged 39, has been an executive Director since 1 June 2005 and appointed as chairman of the Company since 1 May 2013. Ms. Lee holds a bachelor degree from the University of Southern California. She also holds Master of Science in Finance from Boston College and MBA from University of Chicago. Ms. Lee has been working with the Company since its incorporation in April 2003 and overseeing the day-to-day investment, operation and administration of the Company. Ms. Lee is a licensed person for the regulated activities of dealing and advising in securities and asset management under the Securities and Futures Ordinance (“SFO”). Ms. Lee is a director of Grand Finance Group Company Ltd (“GFG”) and its subsidiary, a director of Tianjin Yishang Friendship Holdings Company Ltd and an independent non-executive Director of Zhejiang Expressway Company Ltd. (stock code: 0576).

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

Dr. Huang Zhijian

Dr. Huang Zhijian, aged 71, has been an executive Director since 1 January 2007. Dr. Huang graduated from Tsinghua University in Beijing, the PRC. He received a Master of Science degree and a Doctor of Philosophy degree from the Institute of Science and Technology of the University of Manchester, and he had been lecturer at Tsinghua University during the period from 1984 to 1986. Dr. Huang had held senior executive and managerial positions in various companies since 1986 including China Resources Development and Investment Company Ltd. Dr. Huang served as a non-executive director of China Resources Peoples Telephone Company Limited, an executive director of Cosmos Machinery Enterprises Limited (stock code: 0118) and is currently an independent non-executive director of Pine Technology Holdings Limited (stock code: 1079).

Mr. Lee Wai Wang

Mr. Lee Wai Wang, Robert, aged 37, became an executive Director since 2 September 2013. He also serves as a member of the remuneration committee of the Board. Mr. Robert Lee has over ten years of international financial industry experience and is currently the Executive Director of Grand Finance Group with primary responsibilities for managing the company’s brokerage, asset management and corporate finance businesses. He holds a Bachelor of Arts Degree from Bard College and a Master of Science Degree from University of Pennsylvania. He is also the Vice Chairman of the Hong Kong Securities Association, an executive committee member of the Chinese Gold and Silver Exchange Society, a committee member of The Chinese General Chamber of Commerce, a member of the SFC Process Review Panel and a committee member of the Standing Committee on Company Law Reform.

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

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lu Fan

Mr. Lu Fan, aged 61, is an independent non-executive Director since 1 June 2005. Mr. Lu graduated from the Academy of Finance, Hangzhou University, (now known as Zhejiang University). He was a researcher at the Zhejiang Academy of social science for the period from 1980 to 1993. Mr. Lu previously held managerial positions in Zhejiang Securities Co. Ltd. whose principal business was securities brokerage. He had also been the chief economist of the Zhejiang Huating Group Co., Ltd. since 2004.

Dr Chow Yunxia, Carol

Dr. Chow Yunxia, aged 38, has been an independent non-executive Director since 1 June 2009. Dr. Chow holds a Bachelor's Degree in Finance from the University of International Business and Economics, the PRC and the Degree of Doctor of Philosophy in Finance and Accounting from the National University of Singapore. Dr. Chow was the Vice-President of the Corporate Finance Division of China Asean Resources Limited (Stock code: 8186), a company whose shares are listed on the Growth Enterprise Market operated by the Stock Exchange. She had been an Assistant Professor in Finance and Accounting in the Business School of the University of Queensland, Australia during the period from 2008 to 2009. She has over ten years' diverse financial knowledge and management experience in industry and government sectors with particular expertise in corporate finance projects, such as mergers and acquisitions and initial public offerings, capital market functions and investment relationship management. She had served as financial controller, financial and/or investment consultant for various international companies in the PRC and Singapore.

Mr. Lam Chi Wai, Gavin

Mr. Lam Chi Wai, aged 50, became an independent non-executive Director on 2 September 2013. Mr. Lam holds a degree in Law from the Peking University and a master degree in accounting from the Jinan University in PRC. He is an accountant and a certified taxation adviser. Mr. Lam has been the managing partner of a firm of certified public accountants in Hong Kong since 1996. He is a member and a practicing member of the Hong Kong Institute of Certified Public Accountants (HKICPA), a fellow member of The Association of Chartered Certified Accountants, a member of The Society of Chinese Accountants and Auditors and a fellow member of the Taxation Institute of Hong Kong. He has over 20 years' experience in auditing, finance, taxation and accounting.

Report of the Directors

The directors (the “Directors”) of Grand Investment International Ltd. (the “Company”) have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31 March 2017 (the “Year”), which were approved by the board of directors (the “Board”) of the Company on 15 June 2017.

PRINCIPAL ACTIVITIES

The Company is an investment company incorporated on 15 April 2003 with limited liability as an exempted company in Bermuda. The Company is principally engaged in investing in listed and unlisted enterprises established in Hong Kong, the People’s Republic of China and the United States with potential for earnings growth and capital appreciation. The Company’s revenue for the year ended 31 March 2017 comprised of gains or loss from investments and other sources.

BUSINESS REVIEW

The Company recorded a loss of HK\$5,977,000 for the year ended 31 March 2017 (2016: loss of approximately HK\$11,922,000), including overall gain on its investment portfolios of approximately HK\$309,000 (2016: overall loss of approximately HK\$1,349,000), comprising a net realised gain on disposal on investments of approximately HK\$257,000 (2016: net realised loss approximately HK\$253,000), no net unrealised gain/loss of investments (2016: net unrealised loss of investments of approximately HK\$1,154,000) and an impairment loss on available-for-sale investments of HK\$2,847,000 (2016: impairment loss of approximately HK\$7,325,000). The Company also recorded other revenues of approximately HK\$25,000 (2016: HK\$35,000). Most of the revenue we received during the Year was attributed to interest income and dividend of publicly listed equities. As most of our investments are in China under the form of private equities, we do not receive a fixed annual return from our investment. As such, most of our investments are intended for long term capital appreciation in the future. As we move forward, we aim to allocate more assets with steady revenue stream as opposed to non-income generating investments.

Further details on the risks and uncertainties facing the Company, its operating results and prospects are set out in the Chairman’s Statement and the Management Discussion and Analysis on page 4 and pages 5 to 6 of this Annual Report respectively.

The Company is committed to complying with and had during the Year complied with all environmental and social policies and other relevant laws and regulations related to its business operating environment. The Company also encouraged its employees to understand, comply with and keep themselves abreast of the laws, rules and regulations applicable to their positions and the operation of the business of the Company. Trainings were offered to its employees from time to time to equip themselves with better knowledge and make them more capable of and confident in handling the possible challenges ahead. The Board realises the importance of fostering loyalty and mutual trust with its employers and stakeholders as a good relationship is instrumental to the sustainable development of the business of the Company. The Board considers that the Company has overall maintained a good relationship with its employees, stakeholders and others that have a significant impact on the Company and on which its success depends. The Environmental, Social and Governance Report set out on pages 26 to 27 of this Annual Report provides a review on the steps taken and efforts and performance made to achieve the above purposes. The Corporate Governance Report set out on pages 7 to 15 of this Annual Report also provides a review on the Company’s corporate governance performance during the Year.

Report of the Directors

FINANCIAL RESULTS

The profit and cash flows of the Company for the year ended 31 March 2017 and the state of affairs of the Company as at 31 March 2017 are set out in the financial statements on pages 32 to 35.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the Year (2016: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “Annual General Meeting”) will be held on 21 July 2017.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Company for the Year is set out on page 68. This summary does not form part of the audited financial statements.

RESERVES

Details of movements in the reserves of the Company during the Year are set out in note 16 to the financial statements and in the statement of changes in equity set out on page 34.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company’s securities.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 15 to the financial statements.

DONATIONS

The Company did not make any donations for charitable or other purposes during the Year.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

The Company did not purchase, sell or redeem any of its shares during the Year.

COMPETING INTERESTS

As at 31 March 2017, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business apart from the Company’s business that competed or was likely to compete, either directly or indirectly, with the businesses of the Company.

SHARE OPTION SCHEME

The Company did not maintain any share option scheme during the Year.

DIRECTORS

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

Report of the 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

The terms of office for all Directors are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the bye-laws of the Company (“Bye-laws”). In accordance with Bye-Law 113(A) of the Bye-laws, Ms. Lee Wai Tsang, Rosa will retire at the forthcoming Annual General Meeting and being eligible, offers herself for re-election at the forthcoming Annual General Meeting.

Pursuant to the announcement of the Company dated 15 June 2017, Dr. Huang Zhijian, Mr. Lee Wai Wang, Robert, Mr. Lu Fan, Dr. Chow Yunxia, Carol and Mr. Lam Chi Wai shall resign from the Board with effective from 16 June 2017, and Mr. He Luling, Ms. Ma Yin Fan, Ms. Yan Yan and Mr. Xu Yanfa shall be appointed as non-executive Director and independent non-executive Directors (as the case may be) with effect from 16 June 2017. Each of Mr. He Luling, Ms. Ma Yin Fan, Ms. Yan Yan and Mr. Xu Yanfa will retire at the forthcoming Annual General Meeting pursuant to Bye-law 117 of the Bye-laws, and being eligible, offers himself/ herself for re-election at the forthcoming Annual General Meeting.

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

DIRECTORS’ SERVICE CONTRACTS

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

DIRECTORS’ INTERESTS IN CONTRACTS

No contracts of significance to which the Company was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS’ AND/OR EXECUTIVE’S INTEREST IN SHARES

As at 31 March 2017, none of the Directors or chief executive (if any) of the Company and their associates had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2017, 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	Capacity	Number of Shares	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Renown Future Limited	Beneficial owner	88,129,080	51.00%	56.67%
Li Bohan ("Mr. Li")	Interest in controlled corporation	25,954,878 <i>(Note)</i>	15.02%	16.69%
Treasure Isle Global Limited	Beneficial owner	25,954,878 <i>(Note)</i>	15.02%	16.69%
Zhang Jianming ("Mr. Zhang")	Interest in controlled corporation	25,954,878 <i>(Note)</i>	15.02%	16.69%

Note:

Treasure Isle Global Limited is a company incorporated in the British Virgin Islands and is beneficially owned as to 50% by Mr. Li and 50% by Mr. Zhang. Each of Mr. Li and Mr. Zhang is deemed to be interested in the 25,954,878 Shares held by Treasure Isle Global Limited by virtue of the SFO.

Save as disclosed above, as far as the Directors are aware, the Company had not been notified by any other persons, and none of the other Directors or chief executive (if any) of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of the Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 March 2017.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial parts of the business of the Company were entered into or existed during the Year.

Report of the Directors

CONNECTED TRANSACTIONS

Investment Management Agreement

Pursuant to the investment management agreement dated 3 November 2016 (“Investment Management Agreement”), the Company appointed Grand Investment (Securities) Limited (“GIS”) as the Company’s investment manager to provide the Company with investment management services for a term of one year, commencing on 1 December 2016 subject to renewal, at the investment management fee of HK\$345,000 per annum.

GIS is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules. GIS is wholly-owned by Grand Finance Group Company Limited, and was a substantial shareholder of the Company during the Year up to 27 March 2017. Accordingly, the transactions under the Investment Management Agreement constituted continuing connected transactions for the Company. During the Year, the aggregate amount of investment management fees paid to GIS under the Investment Management Agreement amounted to HK\$307,000. Since each of the applicable percentage ratios under Rules 14.07 of the Listing Rules (as appropriate) on an annual basis is less than 0.1%, the transaction contemplated under the Investment Management Agreement was not subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Tenancy Agreement

Pursuant to a tenancy agreement dated 25 October 2016 entered into between GIS as landlord and the Company as tenant (the “Tenancy Agreement”), GIS had leased the office premises located on A301, 32/F, United Center, No. 95, Queensway, Hong Kong to the Company at a monthly rent of HK\$38,866.67 (exclusive of operating charges, rates and other outgoings) for a term of 1 years commencing on 20 November 2016 subject to renewal.

As aforementioned, GIS was a connected person of the Company during the Year up to 27 March 2017. Accordingly, the Tenancy Agreement constituted a continuing connected transaction of the Company. During the Year, the aggregate amount of rent paid to GIS under the Tenancy Agreement amounted to HK\$ 466,400.04. Since each of the applicable percentage ratios under Rule 14.07 of the Listing Rules (as appropriate) on an annual basis is less than 0.1%, the transaction contemplated under the Tenancy Agreement was not subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Custodian Agreement

The Company appointed DBS Bank Ltd, (“DBS”) as its custodian under a custodian agreement (“Custodian Agreement”) that took effect from 1 December 2010 in respect of, among others, the safe custody of cash and documents of title, physical settlement of the securities in the investment portfolio of the Company and the collection of dividends and other entitlements in respect of such securities. The Custodian Agreement would continue in full force until terminated by either the Company or DBS by giving to the other not less than three months’ advance notice in writing.

Pursuant to the Custodian Agreement, a custody fee at the rate of 0.125% per annum of the average month-end balance, with minimum US\$500 per month, of the aggregate value of the investments deposited by the Company with DBS (subject to revision as notified by the DBS to the Company from time to time with the approval of the Company in accordance with the terms set out in the Custodian Agreement) for the provision of securities is payable by the Company to DBS.

DBS is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules. Accordingly, the transactions under the Custodian Agreement constituted continuing connected transactions for the Company.

Report of the Directors

During the Year, the aggregate amount of custody fee and other charges paid to DBS amounted to HK\$48,638.81. Since each of the applicable percentage ratios under Rules 14.07 of the Listing Rules (as appropriate) on an annual basis is less than 0.1%, the transaction contemplated under the Custodian Agreement was not subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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

The auditors of the Company also confirmed that:

- (i) each of the Transactions was approved by the Board;
- (ii) the Transaction contemplated under the Investment Management Agreement was entered into in accordance with the terms of the Investment Management Agreement;
- (iii) the Transaction contemplated under the Tenancy Agreement was entered into in accordance with the terms of the Tenancy Agreement;
- (iv) the Transaction contemplated under each of the Custodian Agreement was entered into in accordance with the respective terms of the Custodian Agreement;
- (v) the total investment manager fee paid by the Company in relation to the Investment Management Agreement during the Year does not exceed HK\$307,000;
- (vi) the total rent paid by the Company in relation to the Tenancy Agreement during the Year does not exceed HK\$466,400.04; and
- (vii) the total custody fee paid by the Company in relation to the Custodian Agreement during the Year does not exceed HK\$48,638.81.

Report of the Directors

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Bye-laws of the Company although there are no restrictions against such rights under the laws of Bermuda. There is no information necessary to enable Shareholders to obtain any relief from taxation to which they are entitled by reason of being the Company’s shareholder.

AUDIT COMMITTEE

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

EVENTS AFTER THE REPORTING PERIOD

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 (the “Shares”) 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.

Save as disclosed above, the Directors are not aware of any significant events since the end of the Year and as at the date of this Annual Report.

Report of the Directors

PUBLIC FLOAT

Immediately following the close of the General Offer, 14,423,500 Shares, representing 8.35% of the issued Shares as at the date of this Report, are held by the public. Accordingly, the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Listing Rules is not satisfied. The Stock Exchange has granted the Company a waiver from strict compliance with Rule 8.08(1) (a) of the Listing Rules for the period from 26 May 2017 to 25 August 2017.

Save as disclosed above, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed level of public float under the Listing Rules on Stock Exchange during the Year.

AUDITORS

East Asia Sentinel Limited, Certified Public Accountants, was appointed as auditors of the Company for the Year. The financial statements of the Company for the Year have been audited by East Asia Sentinel Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of East Asia Sentinel Limited as auditors of the Company.

By Order of the Board
Lee Wai Tsang, Rosa
Chairman

Hong Kong, 15 June 2017

Environmental, Social and Governance (ESG) Report

STANDARD OF EMPLOYMENT

Grand Investment International Ltd. (the “Company”) has complied with the applicable employment-related laws and regulations currently in force in Hong Kong. The Company does not employ staffs who are below 18 years of age.

The Company provided such rights and benefits to its employees which are no less than those required statutorily. No employee is paid less than the minimum wage specified by the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong). Monthly salary payments are made on time according to respective employment contracts. The Company’s contributions to the defined contribution retirement scheme it operated under the Mandatory Provident Fund Scheme are made by each monthly contribution day.

As of the end of the year ended 31 March 2017 (the “Year”), the Group had a total of 5 employees excluding independent non-executive Directors. We have achieved a gender ratio of 60% female to 40% male among our staff (including Directors) with our continuous efforts to fully promote gender equality within the Company. In addition, our employees participated in activities arranged by the Hong Kong Women’s Commission to further promote gender equality on a corporate level for senior management. Our Company follows guideline within the Convention on the Elimination of All Forms of Discrimination against Women in our hiring process by encouraging women to participate in economic, social and cultural life. Our Company consists four female members, including Executive Director, INED, Company Secretary and staff, and we hope to maintain the ratio as long as we can.

WORKING CONDITIONS

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

STAFF CARE, DEVELOPMENT AND TRAINING

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

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

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

Environmental, Social and Governance (ESG) Report

RELATIONSHIP WITH SHAREHOLDERS

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

ENVIRONMENTAL PROTECTION

The Company took several steps to improve energy conservation. For instance, we participated in No Air-Con Night 2016 organized by Green Sense and turned off air conditioners in our office premises during night time on 7 October 2016.

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

COMMUNITY INVOLVEMENT AND CONTRIBUTION

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

Our employees had the opportunity to participate in community service organized under Hong Kong Movie Star Sports Association Ltd., which included, for the Year, visiting senior citizens living alone. In April and August 2016, our volunteers distributed oatmeal and rice to the elderly in Lam Tin and Kwun Tong respectively. Our employees spent time conversing with the seniors and kept them accompanied during the visits.

Our employees participated in the "Dress Casual Day 2016.10.06" in support of The Community Chest of Hong Kong for fundraising and care for those in need as well as making donation to charity event of Food For Good, a non-profit organization to reduce food waste in Hong Kong.

Independent Auditors' Report



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

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Ref: 164167

TO THE SHAREHOLDERS OF GRAND INVESTMENT INTERNATIONAL LTD.

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the financial statements of the Grand Investment International Ltd. (the "Company") set out on pages 32 to 35, which comprise the statements of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Available-for-sale investments

Refer to note 10 to the financial statements

Independent Auditors' Report

TO THE SHAREHOLDERS OF GRAND INVESTMENT INTERNATIONAL LTD.

(Incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS *(continued)*

The Company tested the amount of available-for-sale investments for impairment. This impairment test is significant to our audit because the balance of available-for-sale investments of HK\$18,561,000 as at 31 March 2017 is material to the financial statements. The Company's impairment test involves application of judgement and is based on assumptions and estimates.

Based on the management assessment, an impairment loss on available-for-sale investments of HK\$2,847,000 was recognised in the statement of comprehensive income for the year.

How our audit addressed the key audit matters

Our procedures in relation to the impairment assessment of the available-for-sales investments included:

- Evaluating the methodology and key assumptions for impairment assessment adopted by the management;
- Assessing available financial information of investments;
- Considering the potential impact of reasonably possible downside change in these key assumptions; and
- Obtaining and checking to the evidence to support the Company's impairment assessment.

We have found the management conclusion to be consistent with the available information.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report

TO THE SHAREHOLDERS OF GRAND INVESTMENT INTERNATIONAL LTD.

(Incorporated in Bermuda with limited liability)

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Audit Committee of the Company is responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditors' Report

TO THE SHAREHOLDERS OF GRAND INVESTMENT INTERNATIONAL LTD.

(Incorporated in Bermuda with limited liability)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditors' report is So Kwok Keung Keith.

East Asia Sentinel Limited

So Kwok Keung Keith

Practising Certificate No. P1724

Hong Kong

Date: 15 June 2017

Statement of Comprehensive Income

For the year ended 31 March 2017

	<i>NOTE</i>	2017 HK\$'000	2016 HK\$'000
GAIN/(LOSS) ON INVESTMENTS	<i>6</i>	309	(1,349)
OTHER REVENUES	<i>6</i>	25	35
IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS	<i>10</i>	(2,847)	(7,325)
ADMINISTRATIVE EXPENSES		(3,464)	(3,283)
LOSS BEFORE TAXATION	<i>7</i>	(5,977)	(11,922)
TAXATION	<i>8(a)</i>	-	-
LOSS FOR THE YEAR		(5,977)	(11,922)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(5,977)	(11,922)
DIVIDEND	<i>20</i>	-	-
LOSS PER SHARE	<i>21</i>		
Basic:			
For loss for the year		(HK\$0.03)	(HK\$0.07)
Diluted:			
For loss for the year		N/A	N/A

The notes on pages 36 to 67 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2017

	NOTE	2017 HK\$'000	2016 HK\$'000
NON-CURRENT ASSETS			
Available-for-sale investments	10	18,561	25,456
CURRENT ASSETS			
Investments at fair value through profit or loss	11	–	3,818
Deposits, other receivables and prepayments	12	3,102	769
Cash and cash equivalents	13	8,688	6,309
TOTAL CURRENT ASSETS		11,790	10,896
CURRENT LIABILITIES			
Other payables and accruals	14	163	187
TOTAL CURRENT LIABILITIES		163	187
NET CURRENT ASSETS		11,627	10,709
NET ASSETS		30,188	36,165
CAPITAL AND RESERVES			
Share capital	15	17,280	17,280
Reserves	16	12,908	18,885
TOTAL EQUITY		30,188	36,165
NET ASSET VALUE PER SHARE	19	HK\$0.17	HK\$0.21

Lee Wai Tsang, Rosa
Director

Huang Zhijian
Director

The notes on pages 36 to 67 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
YEAR ENDED 31 MARCH 2016				
At 1 April 2015	17,280	37,786	(6,979)	48,087
Total comprehensive loss				
Loss for the year	-	-	(11,922)	(11,922)
At 31 March 2016	17,280	37,786	(18,901)	36,165
YEAR ENDED 31 MARCH 2017				
At 1 April 2016	17,280	37,786	(18,901)	36,165
Total comprehensive loss				
Loss for the year	-	-	(5,977)	(5,977)
At 31 March 2017	17,280	37,786	(24,878)	30,188

The notes on pages 36 to 67 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK\$'000	2016 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,977)	(11,922)
Adjustment for:		
Interest income	(24)	(35)
Unrealised loss of investments at fair value through profit or loss	–	1,154
Impairment losses of available-for-sale financial assets	2,847	7,325
Operating loss before changes in working capital	(3,154)	(3,478)
Decrease/(Increase) in investments at fair value through profit or loss	3,818	(4,455)
(Increase)/Decrease in deposits, other receivables and prepayments	(2,333)	12,793
(Decrease)/Increase in other payables and accruals	(24)	24
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(1,693)	4,884
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale investment	–	(6,201)
Proceeds from return of capital of available-for-sales investment	4,048	–
Interest received	24	35
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	4,072	(6,166)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,379	(1,282)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6,309	7,591
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8,688	6,309
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,168	447
Short-term deposit with original maturity within three months	4,520	5,862
	8,688	6,309

The notes on pages 36 to 67 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2017

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

These financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), which is a collective term that includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”), and Interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong. These financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities (“the Listing Rules”) on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except that investments at fair value through profit or loss are stated at fair value as explained in the accounting policies set out below.

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(a) New and amended standards adopted by the Company

The following amendments to standards have been adopted by the Company for the first time for the financial year beginning on or after 1 April 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to HKFRS 11
- Clarification of acceptable methods of depreciation and amortization – Amendments to HKAS 16 and HKAS 38
- Annual improvements to HKFRSs 2012-2014 cycle, and
- Disclosure initiative – amendments to HKAS 1

Notes to the Financial Statements

For the year ended 31 March 2017

2. BASIS OF PREPARATION *(continued)*

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

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) New standards and interpretations not yet adopted

Up to the date of issue of these financial statements, the HKICPA have issued a number of new standards, amendments to standards and interpretations which are effective for the Company's annual financial periods beginning after 1 April 2017, and which have not been adopted in preparing these financial statements. These include the following new standards which may be relevant to the Company.

	Effective for accounting periods beginning on or after
HKAS 7 "Disclosure initiative – amendment"	1 January 2017
HKAS 12 "Recognition of deferred tax assets for unrealized losses – amendment"	1 January 2017
HKFRS 15 "Revenue from contracts with customers"	1 January 2018
Amendments to HKFRS 15 "Clarifications to HKFRS 15 Revenue from contracts with customers"	1 January 2018
HKFRS 9 "Financial instruments"	1 January 2018
Annual improvements to HKFRSs 2014-2016 cycle	1 January 2018
HKFRS 16 "Leases"	1 January 2019

HKAS 7 "Disclosure initiative – amendment"

The HKICPA has issued an amendment to HKAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the HKICPA's Disclosure Initiative, which continues to explore how financial statements disclosure can be improved.

HKAS 12 "Recognition of deferred tax assets for unrealized losses – amendment"

The HKICPA has issued amendments to HKAS 12 "Income taxes". These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Notes to the Financial Statements

For the year ended 31 March 2017

2. BASIS OF PREPARATION *(continued)*

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

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The mandatory effective date of HKFRS 15 is 1 January 2018. The Company is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 9 “Financial Instruments”

In September 2014, the HKICPA issued the final version of HKFRS 9, which reflects all phases of the financial instruments project and replaces HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Company expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Company’s financial assets but no impact on the classification and measurement of the Company’s financial liabilities.

HKFRS 16 “Leases”

HKFRS 16 supersedes HKAS 17 “Leases”, HK(IFRIC) – Int 4 “Determining whether an Arrangement contain a Lease”, HK(SIC) – Int 15 “Operating Lease – Incentives” and HK(SIC) – Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 “Leases”. Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. There are some exemptions.

Notes to the Financial Statements

For the year ended 31 March 2017

2. BASIS OF PREPARATION *(continued)*

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

HKFRS 16 “Leases” *(continued)*

HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer). HKFRS 16 substantially carries forward the lessor’s accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sub-lease, an intermediate lessor shall classify the sub-lease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sub-lease shall be reclassified as an operating lease; (b) otherwise, the sub-lease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components. The Company is in the process of making an assessment of the potential impact of application of HKFRS 16, the directors consider that it is not practicable to provide a reasonable estimate of the effect of the adoption of HKFRS 16 until the Company performs a detailed review.

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

There are no HKFRSs interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the Company’s various lines of business and geographical locations.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Hong Kong dollars, which is the Company’s functional and presentation currency.

Notes to the Financial Statements

For the year ended 31 March 2017

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

(b) Foreign currency translation *(continued)*

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Company transfers substantially all the risks and rewards of ownership of the assets; or the Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the statement of comprehensive income.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

(i) Loans and receivables

Loans and receivables, including deposits and other receivables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, unless the discounting effect would be immaterial, in which case they are stated at cost. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

Notes to the Financial Statements

For the year ended 31 March 2017

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

(c) Financial instruments *(continued)*

(ii) Available-for-sale investments

Available-for-sale investments are non-derivatives investments in unlisted equity securities and investments in limited partnerships that are either designated in this category or not classified in any of the other categories. At each financial report period end subsequent to initial recognition, available-for-sale investments assets are measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of comprehensive income with other revenue, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the statement of comprehensive income.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

(iii) Investments at fair value through profit or loss

Investments at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. Investments at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged in the statement of comprehensive income. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in the statement of comprehensive income within gain/(loss) on investment in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as income when the Company's right to receive payments is established.

(iv) Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting period end. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same, a discounted cash flow analysis and other valuation techniques commonly used by market participants.

(d) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each financial year end.

Notes to the Financial Statements

For the year ended 31 March 2017

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

(e) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(f) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the discounting effect would be immaterial, in which case they are stated at cost. They are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability at least 12 months after the end of the reporting period.

(g) Provision

Provisions are recognised when the Company has a present legal or constructive obligation where, as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(h) Income tax

The tax expense for the year comprises current income tax and deferred income tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements

For the year ended 31 March 2017

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

(h) Income tax *(continued)*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Employee benefits

The Company operates a defined contribution retirement scheme under a mandatory provident fund scheme ("MPF scheme") in Hong Kong for its employees in Hong Kong, the assets of which are held in separate trustee-administered funds. The Company's contributions to the MPF scheme are based on a fixed percentage of the employees' relevant income per month. The Company has no further payment obligation once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(j) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

Profits on disposal of securities are recognised upon the completion of securities sale contract.

Interest income is recognised on a time-proportion basis.

Dividend income from listed and unlisted investments is recognised when the shareholders' right to receive payment has been established.

Unrealised gain on investments is recognised when the fair value of the investments is above the carrying value of the investments at the end of the reporting period.

(k) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the statement of comprehensive income on a straight-line basis over the period of the lease.

Notes to the Financial Statements

For the year ended 31 March 2017

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

(l) Related parties

A party is considered to be related to the Company if:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of the parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(m) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

Notes to the Financial Statements

For the year ended 31 March 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimation of realisability of deferred tax assets

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Company carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences arising from depreciation of fixed assets. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised. Management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

As at 31 March 2017, the Company has unrecognised deferred tax asset of HK\$6,013,000 (2016: HK\$5,485,800) arising from accumulative tax losses carried forward which management consider that it is not probable to utilise the deferred tax benefit in the foreseeable future.

(ii) Impairment of available-for-sale investments

The Company follows the guidance of HKAS 39 when determining whether an investment in available-for-sale investments is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the expected timespan the Company will hold on to this investment.

5. SEGMENT REPORTING

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

Notes to the Financial Statements

For the year ended 31 March 2017

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

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

	2017 HK\$'000	2016 HK\$'000
GAIN/(LOSS) ON INVESTMENTS		
Net unrealised loss on investments at fair value through profit or loss	–	(1,154)
Net realised gain/(loss) on disposal on investments at fair value through profit or loss	257	(253)
Dividend income	52	58
	309	(1,349)

OTHER REVENUES		
Bank interest income	13	35
Exchange gain	1	–
Other interest income	11	–
	25	35

Total gain/(loss) on investments and other revenues	334	(1,314)

7. LOSS BEFORE TAXATION

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

	2017 HK\$'000	2016 HK\$'000
Auditors' remuneration		
– Audit services	190	171
Impairment losses on an available-for-sale investment	2,847	7,325
Investment manager fee	307	288
Exchange (gain)/loss, net	(1)	88
Legal and professional fee	357	233
Operating lease payments	466	406
Staff costs (excluding directors' emoluments)		
– Salaries, bonus and allowances	239	231
– Mandatory provident fund contributions	9	8

There is no exceptional items identified for the years ended 31 March 2017 and 2016.

Notes to the Financial Statements

For the year ended 31 March 2017

8. TAXATION

- (a) No provision for Hong Kong Profits Tax has been made in these financial statements as the Company has no assessable profits derived from its operation in Hong Kong during the year (2016: Nil).
- (b) No provision for overseas tax has been made in these financial statements, as the Company has no profit derived from overseas.
- (c) The Company had an unrecognised deferred tax asset as follows:–

	2017	2016
	HK\$'000	HK\$'000
Unrecognised deferred tax asset	6,013	5,485

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

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

	2017	2016
	HK\$'000	HK\$'000
Loss before taxation	(5,977)	(11,922)
Tax at the applicable rate of 16.5% (2016: 16.5%)	(986)	(1,967)
Tax effect of non-taxable income	(13)	(15)
Tax effect of non-deductible expenses	470	1,208
Tax effect of tax loss not recognised	529	774
Total income tax	–	–

Notes to the Financial Statements

For the year ended 31 March 2017

9. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

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

	2017 HK\$'000	2016 HK\$'000
Fee:		
Executive Directors	50	42.50
Independent Non-executive Directors	150	127.50
Other emolument:		
Executive Directors:		
– Salaries and benefits in kind	995	942
– Retirement benefit scheme contributions	18	18
	1,213	1,130

The emoluments of each director, on a named basis, for the year ended 31 March 2017 are set out below:-

	Directors' fees HK\$'000	Salaries HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Lee Wai Tsang, Rosa	–	807	18	825
Huang Zhijian	–	188	–	188
Lee Wai Wang, Robert	50	–	–	50
<i>Independent Non-executive Directors</i>				
Lu Fan	50	–	–	50
Chow Yunxia, Carol	50	–	–	50
Lam Chi Wai	50	–	–	50
	200	995	18	1,213

Notes to the Financial Statements

For the year ended 31 March 2017

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

(a) Directors' emoluments *(continued)*

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

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

During the year, there was no arrangement under which a director waived or agreed to waive any remuneration. No emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Company or as compensation for loss of office (2016: Nil).

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

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

(c) Highest paid individuals

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

	2017	2016
Number of directors	3	3
Number of individuals	2	2
	5	5

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

Notes to the Financial Statements

For the year ended 31 March 2017

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

(c) Highest paid individuals *(continued)*

The emoluments of the above individuals are as follows:-

	2017 HK\$'000	2016 HK\$'000
Salaries, allowances and benefits in kind	204	231
Retirement benefit scheme contributions	9	8
	213	239

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

	2017 Number of employees	2016 Number of employees
Nil to HK\$500,000	2	1
HK\$500,001 to HK\$1,000,000	-	-
	2	1

During the year, there was no arrangement under which an individual waived or agreed to waive any remuneration. No emoluments were paid by the Company to any of the individuals as an inducement to join or upon joining the Company or as compensation for loss of office (2016: Nil).

During the year, no share options were granted to any of these directors or the above highest paid individual in respect of their services to the Company.

Notes to the Financial Statements

For the year ended 31 March 2017

10. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK\$'000	2016 HK\$'000
Investment securities, at cost:		
Equity securities, unlisted shares (note (a))	15,340	17,186
Less: impairment loss	(780)	–
	14,560	17,186
Investments in limited partnerships, at cost (note (b))	13,393	15,595
Less: impairment loss	(9,392)	(7,325)
	4,001	8,270
Total	18,561	25,456

(a) Equity securities

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

There is no active market for these equity securities as the companies are privately held. The fair values of these equity securities are determined firstly by reference to the investment considerations, which were negotiated at arm's length between the directors and the investee companies. In addition, the directors have considered the development of the investee companies of the future growth potential and the prospective growth of the value of the shares. On account of such analysis, the directors consider that there have not been any material changes to the equity securities that would lead to a change in the fair values of these available-for-sale investments from the dates of their acquisition to 31 March 2017. Impairment loss on these investments was recognised under relevant accounting principles in statement of comprehensive income in accordance with the policy set out in note 3(c).

Notes to the Financial Statements

For the year ended 31 March 2017

10. AVAILABLE-FOR-SALE INVESTMENTS (continued)

(a) Equity securities (continued)

Particulars of the equity securities as at the end of the reporting period are as follows:

Name of issuer	Nature of business	No. of share held	Equity Interest held (%)	Net asset attributable to the investment (%)	2017 Cost less impairment HK\$'000	2016 Cost less impairment HK\$'000
Tianjin Yishang Friendship Holdings Company Limited	Operation of department stores and home retail shops	8,711,965 (2016: 8,711,965)	3.955% (2016: 3.955%)	31% (2016: 26%)	9,434	9,434
Joyport Holdings Limited	Online game development, distribution and operation	1,231,600 (2016: 1,231,600)	5.00% (2016: 5.00%)	3% (2016: 4%)	771	1,551
730 Arizona Avenue II, LLC	Management of commercial building	800 (2016: 800)	14.42% (2016: 14.68%)	14% (2016: 17%)	4,355	6,201
					14,560	17,186

	2017 HK\$'000	2016 HK\$'000
Equity securities, at cost		
At beginning of the year	17,186	10,985
Addition of investment	–	6,201
Capital investment returned during year	(1,846)	–
At end of the year	15,340	17,186
Provision for impairment loss	(780)	–
At end of the year	14,560	17,186

The movements on the provision for impairment of equity securities are as follows:

	2017 HK\$'000	2016 HK\$'000
Impairment loss on available-for-sale investment	(780)	–
At end of the year	(780)	–

Notes to the Financial Statements

For the year ended 31 March 2017

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

(a) Equity securities *(continued)*

A brief description of the business information of the equity securities is as follows:

Tianjin Yishang Friendship Holdings Company Ltd (“Tianjin Yishang”)

Tianjin Yishang is a sino-foreign enterprise incorporated in the PRC on 6 January 2006 under a re-organisation whereby Tianjin Yishang Development Company Limited, a stated-owned enterprise in the PRC, was converted into Tianjin Yishang. The business activities of Tianjin Yishang and its subsidiaries and branches are to operate department stores and home retail shops in the PRC.

The financial information of Tianjin Yishang was approximately as follows:

	For the year ended 31/12/2016 RMB'000 (Unaudited)	For the year ended 31/12/2015 RMB'000 (Audited)
Profit for the year	26,805	431
Net asset value	749,035	722,204

During the year, the Company did not receive any cash dividend from Tianjin Yishang (2016: Nil).

Joyport Holdings Limited (“Joyport”)

Joyport is a limited liability company registered in the British Virgin Islands. It is engaged in the business of online game development, distribution and operation, and other related business directly or indirectly through its subsidiaries, affiliates and associated companies in the PRC. Joyport focuses on game development including but not limited to massive multiplayer online role-playing games and mobile games.

The unaudited financial information of Joyport was approximately as follows:

	For the year ended 31/12/2016 RMB'000	For the year ended 31/12/2015 RMB'000
Profit/(loss) for the year	8,798	(48,991)
Net asset value	12,602	4,833

During the year, the Company did not receive any received cash dividend from Joyport (2016: Nil).

Notes to the Financial Statements

For the year ended 31 March 2017

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

(a) Equity securities *(continued)*

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

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

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

	For the year ended 31/12/2016 US\$'000	Period From 1/7/2015 to 31/12/2015 US\$'000
Loss for the year	(587)	(2)
Net asset value	3,037	5,446

During the year, the Company did not receive any cash dividend from 730 Arizona (2016: Nil).

(b) Investment in limited partnerships

There is no active market for the investment as the interest in the limited partnership is privately held. The fair values of this investment are determined firstly by reference to the investment considerations, which were negotiated at arm's length between the general partners and the third parties. In addition, the directors have considered the development of the limited partnership, and the prospective growth of the value of the investment. On account of such analysis, the directors consider that there have not been any material changes to the equity securities that would lead to a change in the fair value of this available-for-sale investment from the date of its acquisition to 31 March 2017. Impairment loss on this investment was recognised under relevant accounting principles in statement of comprehensive income in accordance with the policy set out in note 3(c).

Notes to the Financial Statements

For the year ended 31 March 2017

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

(b) Investment in limited partnership *(continued)*

Particulars of the limited partnership are as follows:

Name of limited partnerships	Nature of business	Percentage of interest held (%)	Net assets attributable to the investment (%)	2017 Cost less impairment HK\$'000	2016 Cost less impairment HK\$'000
CMHJ Technology Fund II, L.P ("CMHJ")	Investing in equity securities of privately held companies in the industries of technologies enabled services and products industries	2.8% (2016: 2.8%)	13% (2016: 23%)	4,001	8,270
				4,001	8,270

	2017 HK\$'000	2016 HK\$'000
At beginning of the year	15,595	15,595
Capital investment returned during year	(2,202)	–
At end of the year	13,393	15,595
Provision for impairment loss	(9,392)	(7,325)
At end of the year	4,001	8,270

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

	2017 HK\$'000	2016 HK\$'000
At beginning of the year	(7,325)	–
Impairment loss on available-for-sale investment	(2,067)	(7,325)
At end of the year	(9,392)	(7,325)

Notes to the Financial Statements

For the year ended 31 March 2017

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

(b) Investment in limited partnership *(continued)*

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

CMHJ TECHNOLOGY FUND II, L.P (“CMHJ”)

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

The audited net assets attributable to shareholders of CMHJ were approximately as follows:

	As at 31/12/2016 US\$'000	As at 31/12/2015 US\$'000
Net asset value attributable to shareholders	39,027	36,907

During the year, the Company did not receive any cash dividend from CMHJ (2016: Nil).

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK\$'000	2016 HK\$'000
Equity securities listed in Hong Kong, at fair value	-	3,818

The Company has not held any equity securities listed in Hong Kong as at 31 March 2017.

None of the investments in listed securities designated as investments at fair value through profit or loss was pledged at the end of the reporting period (2016: equity securities listed in Hong Kong with a fair value amounting to HK\$73,675 were pledged as collateral to a related company, Grand Investment (Securities) Limited (“GIS”), for marginal facilities granted for the Company).

Notes to the Financial Statements

For the year ended 31 March 2017

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

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

Particulars of the equity securities are as follows:

At 31 March 2016

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

At 31 March 2017

The Company did not hold any listed equity securities in Hong Kong or overseas.

Notes to the Financial Statements

For the year ended 31 March 2017

12. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2017 HK\$'000	2016 HK\$'000
Deposits and other receivables	2,927	594
Prepayments	175	175
	3,102	769

The carrying amounts of deposits and other receivables approximated their fair values as at 31 March 2017 and 2016. The Company does not hold any collateral over these balances.

The deposits and other receivables do not contain impaired assets.

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

	2017 HK\$'000	2016 HK\$'000
Hong Kong dollars	1,694	708
United States dollars	1,408	61
	3,102	769

Notes to the Financial Statements

For the year ended 31 March 2017

13. CASH AND CASH EQUIVALENTS

	2017 HK\$'000	2016 HK\$'000
Cash and bank balances	4,173	447
Short-term bank deposits	4,515	5,862
	8,688	6,309

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

	2017 HK\$'000	2016 HK\$'000
Hong Kong dollars	4,603	2,045
United States dollars	4,085	4,264
	8,688	6,309

14. OTHER PAYABLES AND ACCRUALS

	2017 HK\$'000	2016 HK\$'000
Other payables and accruals	163	187

The carrying amounts of other payables and accruals approximated their fair values as at 31 March 2017 and 2016 and were denominated in Hong Kong dollars.

15. SHARE CAPITAL

	2017 HK\$'000	2016 HK\$'000
Authorised: 1,000,000,000 ordinary shares of HK\$0.10 each	100,000	100,000
Issued and fully paid: 172,800,000 ordinary shares of HK\$0.10 each	17,280	17,280

Notes to the Financial Statements

For the year ended 31 March 2017

16. RESERVES

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2015	37,786	(6,979)	30,807
Total comprehensive loss			
Net loss for the year	–	(11,922)	(11,922)
At 31 March 2016	37,786	(18,901)	(18,885)
Total comprehensive loss			
Net loss for the year	–	(5,977)	(5,977)
At 31 March 2017	37,786	(24,878)	12,908

(i) Share premium reserve

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

17. CAPITAL MANAGEMENT

The Company's primary objective when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company actively reviews and manages its capital structure in the light of changes in economic conditions so as to maintain a sound capital position. Total capital is defined as shareholders' funds in the statement of financial position.

The Company is not subject to internally or externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 2016.

Notes to the Financial Statements

For the year ended 31 March 2017

18. OPERATING LEASE COMMITMENT

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

	As at 31/3/2017 HK\$'000	As at 31/3/2016 HK\$'000
Not later than one year	297	297

19. NET ASSET VALUE PER SHARE

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

	As at 31/3/2017	As at 31/3/2016
Net assets (HK\$'000)	30,188	36,165
Number of ordinary share in issue ('000)	172,800	172,800

20. DIVIDENDS

The directors do not propose any dividend for the year ended 31 March 2017 (2016: Nil).

21. LOSS PER SHARE

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

	2017 HK\$'000	2016 HK\$'000
Net loss attributable to shareholders	(5,977)	(11,922)

	2017	2016
Number of weighted average of ordinary shares in issue ('000)	172,800	172,800

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

Notes to the Financial Statements

For the year ended 31 March 2017

22. RELATED PARTY TRANSACTIONS

During the year, save for those parties referred to as connected transactions in the report of the directors and disclosed elsewhere in notes to the financial information, the Company paid rental expenses and traded listed securities through a securities account maintained with a related company, GIS, in which its director, Mr. Lee Tak Lun is a close family member of Mr. Lee Wai Wang, Robert and Ms. Lee Wai Tsang, Rosa, the directors of the Company. GIS was also the investment manager of the Company and was entitled to a monthly fee of HK\$24,000 between April and November 2016, and HK\$28,750 between December 2016 and March 2017 (2016: monthly fee of HK\$24,000) for the provision of investment management services to the Company.

Details of related party transactions as below:

	2017 HK\$'000	2016 HK\$'000
Investment manager fee paid to a related company	307	288
Rental expenses paid to a related company	466	406

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

23. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as at 31 March 2017

	Loans and receivables HK\$'000	Available- for-sale financial investments HK\$'000	Total HK\$'000
Unlisted equity investments	–	18,561	18,561
Deposits and other receivables	2,927	–	2,927
Cash and cash equivalents	8,688	–	8,688
	11,615	18,561	30,176

Notes to the Financial Statements

For the year ended 31 March 2017

23. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial assets as at 31 March 2016

	Investments at fair value through profit or loss HK\$'000	Loans and receivables HK\$'000	Available- for-sale financial investments HK\$'000	Total HK\$'000
Unlisted equity investments	–	–	25,456	25,456
Listed equity investments	3,818	–	–	3,818
Deposits and other receivables	–	594	–	594
Cash and cash equivalents	–	6,309	–	6,309
	3,818	6,903	25,456	36,177

Financial liabilities as at 31 March 2017

Other payables and accruals	Financial liabilities at amortized cost HK\$'000 163
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Financial liabilities as at 31 March 2016

Other payables and accruals	Financial liabilities at amortized cost HK\$'000 187
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Notes to the Financial Statements

For the year ended 31 March 2017

24. FINANCIAL RISKS MANAGEMENT

The main risks arising from the Company's financial instruments are credit risks, foreign exchange risks, interest rate risk, liquidity risk and equity price risk. The directors meet periodically to analyse and formulate measures to manage the Company's exposure to these risks. Generally, the Company introduces conservative strategies on its risk management. The directors review and agree policies for managing each of these risks and they are summarised as follows:

(i) Credit risks

The credit risk of the Company's other financial assets, which comprise deposits and other receivables, cash and cash equivalents, available-for-sale investments and investments at fair value through profit or loss arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

In order to minimise the credit risk, the management of the Company reviews the recoverable amount of each individual debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors of the Company consider that the Company's credit risk is significantly reduced.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The credit risk on investments in listed securities is limited because the counterparty is a well-established securities broker firm in Hong Kong.

The Company has no significant concentration of credit risk.

(ii) Foreign exchange risk

Foreign exchange risk arises when commercial transactions, assets or liabilities are denominated in a currency that is not the functional currency of the Company. The Company operates mainly in Hong Kong and is exposed to foreign currency exchange rate risk arising from various foreign currency exposures, primarily with respect to United States dollars.

The directors are of the opinion that the Hong Kong dollars are reasonably stable with the United States dollars under the Linked Exchange Rate System, and accordingly, no sensitivity analysis of United States dollars with respect to Hong Kong dollars is performed. Further, of the view that portfolio in listed and unlisted securities, only one investment in a non-listed security uses Renminbi as its functional currency. At 31 March 2017, if Renminbi had strengthen/weaken by 8% (2016: 7%) against the Hong Kong dollars with all other variables held constant, loss for the year would have been HK\$630,189 (2016: HK\$551,415) higher/lower, mainly as a result of foreign exchange losses/gains on translation of Renminbi-denominated net assets, representing available-for-sale investments.

Notes to the Financial Statements

For the year ended 31 March 2017

24. FINANCIAL RISKS MANAGEMENT *(continued)*

(iii) Interest rate risk

The interest rate risk mainly arises from interest-bearing bank deposits. Other than the cash at banks which carry interest at prevailing market interest rates, the Company has no other significant interest-bearing assets or liabilities, therefore the Company's exposure to the interest rate risk is considered to be minimal.

(iv) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash and bank deposits to meet liquidity requirements in the short and longer term. The directors are of the opinion that the Company does not have significant liquidity risk.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2017 HK\$'000	2016 HK\$'000
Less than one year		
– Other payables and accruals	163	187

(v) Equity price risk

Equity price risk is the risk that the fair values of equity securities decreases as a result of changes in the levels of equity indices and the value of individual securities. Since the Company has not held any equity securities listed in Hong Kong as at 31 March 2017, it is not exposed to equity price risk arising from individual equity investments classified as investments at fair value through profit or loss (note 11) as at 31 March 2017.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:–

	31 March 2017	High/low 2017	31 March 2016	High/low 2016
Hong Kong – Hang Seng Index	Not applicable	Not applicable	20,777	28,589/ 18,279

At 31 March 2017, there is no equity price risk exposed by the Company as the Company did not hold any listed equity securities in Hong Kong or overseas (2016: if the fair values of the listed securities (note 11) increase/decrease by 28%, the increase/decrease in equity would have been approximately of HK\$1,070,000 based on their carrying amounts, with all other variables held constant).

Notes to the Financial Statements

For the year ended 31 March 2017

25. FAIR VALUE ESTIMATION

The carrying values of cash and cash equivalents, deposits and other receivables, and other payables and accruals are a reasonable approximation of their fair values. Given these terms, it is not meaningful to disclose the fair value of such balances.

The fair values of listed investments are based on quoted market price.

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

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

	<i>Note</i>	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 March 2017					
Investments at fair value through profit or loss	11	–	–	–	–
As at 31 March 2016					
Investments at fair value through profit or loss	11	3,818	–	–	3,818

During the year, the Company did not have any level 2 or level 3 financial instruments stated at fair value (2016: Nil).

Financial instruments in level 1

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

Notes to the Financial Statements

For the year ended 31 March 2017

26. EVENTS AFTER THE REPORTING PERIOD

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 (the “Shares”) 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.

Save as disclosed above, the Directors are not aware of any significant events since the end of the Year and as at the date of these financial statements.

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 15 June 2017.

Five-Year Financial Summary

For the year ended 31 March 2017

	2017 HK'000	2016 HK'000	2015 HK'000	2014 HK'000	2013 HK'000
RESULTS					
Gain on investments	309	(1,349)	117	155	1,003
(Loss)/Profit before taxation	(5,977)	(11,922)	1,131	(3,876)	(2,289)
Taxation	-	-	-	-	-
(Loss)/Profit attributable to equity holders of the Company	(5,977)	(11,922)	1,131	(3,876)	(2,289)
ASSETS AND LIABILITIES					
Total assets	30,351	36,352	48,250	47,105	51,016
Total liabilities	163	(187)	(163)	(149)	(184)
Equity attributable to equity holders of the Company	30,188	36,165	48,087	46,956	50,832
NET ASSET VALUE PER SHARE	HK\$0.17	HK\$0.21	HK\$0.28	HK\$0.27	HK\$0.29