

## CHAIRMAN'S STATEMENT

I am pleased to present the annual report of the year ended 31 March 2005 to our shareholders of Grand Investment International Ltd. (the "Company"). With the successful listing of the Company on the Stock Exchange in April 2004, we had enjoyed a profitable year with our investments. The year 2004 marked the beginning to our Company. Thanks to the support of our shareholders and strategic partners, we have generated a net profit of HK\$2.9 million.

### **Continued Recovery**

Since the adoption of the Open Door Policy and its persistent economic reforms, economic growth in the PRC continues to expand at an accelerated rate. Hong Kong as the largest source of overseas direct investment into the PRC continuously derives its augmented economic benefits, notably the privileges from its active participation of the Closer Economic Partnership Arrangement. As the PRC market continues to be booming with ample business opportunities, it attracts foreign investors. With the reduction of tariffs through China's participation in the World Trade Organization, Hong Kong effectually produced an impressive GDP growth in 2004. With the overall improved local market sentiment and continued economic growth in the PRC, the financial markets of both the PRC and Hong Kong become the focal points of the global and local investors.

### **Investment Returns**

The Company was able to capitalize on the strengthening economies of Hong Kong and the PRC. In 2004, the Company reaped consistent return and performance from its investment portfolio. In line with its principal investment objectives, the Company profited from maintaining a balanced portfolio of short to medium term investments of listed and unlisted securities in various industries in Hong Kong. The Company's investment strategy targets companies that possess potential prospects for growth and profit. The Company also evaluated companies based on their management strength, technical expertise and competitive products.

### **Outlook for the Future**

The overall outlook for Hong Kong and the PRC is encouraging with continuous forecast for substantial growth. With its strategic position with the PRC, the Company is optimistic of new investment prospects in Hong Kong and anticipates a gradual growth in the coming years.

The Company will continue to focus on investments in areas where it recognizes the management core strengths. The Company will continue to seek opportune investment prospects and appropriate strategic partnerships within Hong Kong and the PRC.

Looking ahead, I believe the Company will enjoy another successful year in 2005.

### **Acknowledgement**

I wish to take this opportunity to thank all the shareholders for their continuous and valuable support. I would also like to express my sincere gratitude to all our staff and investment manager for their dedication and hard work.

### **Lee Woo Sing**

*Chairman*

Hong Kong 22 June 2005