

Chairman's Statement

Grand Investment International Ltd. (the "**Company**") upholds the objective of identifying quality investment projects in China through direct investments and listed securities. The strategic and unique location of Hong Kong through China has allowed the Company to achieve good returns over the past years. With the continued open-door policy and series of economic reforms, China has been achieving remarkable economic growth. The massive foreign direct investments of over US\$60 billion per annum has driven and transformed the economy and technology for further productivity and efficiency in China. For over ten years, per capita income in China has risen every year. In 2005, China achieved growth of 10.2% in its gross domestic product (GDP) and in March this year, its foreign reserves have exceeded Japan to become the country with the largest foreign reserves.

Meanwhile, Hong Kong has also experienced progressive growth in its economy. With GDP growth of 7.3% in 2005, China-sourced businesses have become a catalyst that propels the booming economic growth of Hong Kong and expedites the integration of the Hong Kong and PRC economies. In 2005, many well qualified state-owned and private enterprises of the PRC sought and achieved initial public offerings in Hong Kong. Hong Kong has become one of the well-recognised international financial platform for these companies to raise funds and enter into the global markets.

We believe that under a stable environment and with a low cost but highly trained labor force, China will continue to offer incentive to foreign direct investments. However, a countervailing force is the pressure arising from increases in prices for oil and other natural resources and inflationary growth. These external factors, along with unforeseeable global political events, may potentially impact on the profitability of our portfolio as well as investment returns. Having said that, we remain optimistic that Hong Kong will maintain its strategic role as an international financial centre. In the eleventh Five-Year Plan, the central government of the PRC has explicitly indicated its support for Hong Kong to maintain its current status as an international financial centre. Moreover, the approval of the Qualified Domestic Institutional Investor scheme (QDII) will permit Chinese citizens who are qualified institutional investors to invest in overseas equity markets through such fund management companies like ours.

We are enthusiastic about the long term prospect of our portfolio given the positive economic outlook of Hong Kong and China. We strive our best to identify suitable projects for our investment portfolio. Our success relies on the collective effort of every employee. Each of our team members performs an important role and we highly value the experience and diversity in background of each individual. Finally, I would like to thank our employees and consultants, as well as our shareholders for their unwavering support in our company. We are committed to bring value into every share.

Lee Woo Sing
Chairman

Hong Kong, 25 May 2006