29 September 2015

Grand Group Investment PLC

("Grand Group", the "Company" or the "Group")

Interim Results

Grand Group Investment PLC (AIM:GIPO), a provider of expansion capital and value added services to China-based SMEs with high growth potential, today announces its first set of Interim Results for the period from 1 January 2015 to 30 June 2015 (the "period").

Financial Highlights

- Total assets stand at RMB 548 million, and net assets at RMB 463 million (approximately £56 million/ £47.2 million)
- Of total assets, investments now total RMB500m after making a cash investment of RMB 20 million into Jinxuntong, a Chinese online learning solutions provider
- Our cash position is RMB 48.4m (approximately £4.9m), with net cash of RMB 35.04m (£3.5m)
- There was a loss for the period of RMB 7.6 million (approximately £0.8 million)
- NAV per share as at 30 June 2015 stood at RMB 18.54 (vs December 2014 RMB 16.04)

*The illustrative exchange rate as at 30 June 2015 was 1 GBP: 9.8 RMB

James Newman, Non-Executive Chairman of Grand Group Investment PLC, said, "Our first six months as a quoted company have been eventful indeed. In January 2015 the Group raised £7.1 million and was admitted to AIM, which in turn allowed us to make our second investment. In Q2/2015 we acquired a 15% stake in Jinxuntong, an online learning solutions provider, for RMB 20 million. After paying IPO expenses and making our first investment, we still have over RMB48 million for further investments and are actively pursuing new opportunities."

For further information:

Grand Group Investment PLC

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About Grand Group

Grand Group was founded in 2014 by Mr Yang Xiao and other founding shareholders. The Company has been established for the purpose of identifying, acquiring and investing in small to medium-sized companies with high growth potential, principally operating in the People's Republic of China ("PRC").

Grand Group is a late stage incubator which focusses on investing in established businesses with either technology or intellectual property which the Board believes will benefit from Grand Group's university-based research resources.

Partnerships

Through its partnership with the TKK Society, the Group has fostered and maintained a broad network of contacts with individuals at local and international higher education institutions, including: Jiangnan University; Xiamen University; Jimei University; Nanyang Technological University (China); University of California Berkeley (Tan Kah Kee Hall); National University of Singapore; University of Hong Kong; Oxford Brookes University; Keuka College (New York State); and the University of Greenwich.

Amongst these universities, Grand Group has already established effective relationships with Jiangnan University and Jimei University for its current projects and the Directors believe that similar relationships can be developed with other universities.

Chairman's Statement

Results

The loss and negative operating cash flow for the period reflect the early stage of the Group's business: cash inflows will occur primarily when Grand Group exits investments; profits only occur during exits and marking up of assets. Thus this period's RMB 7.5 million loss is comprised almost completely of the company's operating expenses during the period.

Shareholder loans increased by RMB 6.3 million after 31/12/14. The Wuxi government offers incentives to local companies which obtain listings on foreign stock exchanges, and during the first half of 2015, the company worked with the government to satisfy requirements to be eligible for that incentive. Part of those requirements included leaving the IPO proceeds in the account as visible proof of the successful IPO until approval was finalized. Approval was reportedly obtained late in the first half, and as of June 2015 the company is now using those proceeds rather than more shareholder loans. These loans are payable on demand, but incur no interest, and are not convertible into shares. (Please see Note 5.)

Portfolio

Victory China

Victory China produces vocational training software, and most importantly training videos for blue collar jobs. Victory China provides solutions to one of the fundamental social and industrial issues in the PRC today: the migration of unskilled labour from the countryside to urban areas and the need to train them for skilled work. When Grand invested in Victory China, the vast majority of its revenues came from training individuals in metal working. During 2014 Victory China's management focused on diversifying its revenues, and it now has five significant revenue sources. Importantly, while expanding revenues so dramatically into other sectors, margins were maintained. As of 30 June 2015, gross margin still exceeded 90% and net margin exceeded 60%, steady from 2014. Cash flow from operations reached RMB 88 million.

Wuxi Jinxuntong Technology Limited ("Jinxuntong" or "JXT")

In Q1 2015, Grand acquired a 15% stake in Jinxuntong for RMB 20 million. JXT is an online learning solutions provider to China's urban and rural vocational education industry that was incorporated in 2010 in Wuxi City, China. It operates an integrated online training website Gong Yuan Wang (http://www.gongyuannet.com/), which provides online training video courses for industrial workers. Gong Yuan Wang has also developed an advanced data centre that is supported by one of China Telecom's three five-star internet data centres. This dedicated line for connectivity ensures the stability of the system, speed of the website and security of the data.

JXT's website currently has approximately five million registered members, of which approximately 2.3million are paying users who have already paid total membership fees of approximately RMB 230 million. JXT's business is complementary with Victory China's, and indeed Victory China distributes courseware through JXT's website as well as Victory's own channels.

China's Economy

Grand Group is well established to capitalise on new opportunities in the Chinese domestic market, especially in the rapidly growing education sector. It is well known that China's economy has been slowing as a result of structural transformation, with the government encouraging an increase in domestic consumption and reducing dependence on state investment. GDP growth fell to 7.4% in 2014 and 7.0% in the first quarter of 2015, and many independent analysts believe this significantly understates the slowdown. However, technology and scientific sectors continue to expand, driven by national initiatives and improvements in production quality; and anecdotal evidence suggests consumption is holding up reasonably well. The same government initiatives also encourage and even require investments in training of workers, directly benefitting our first two investments, Victory China and Jinxuntong.

Outlook

The Board has been very pleased with the Group's progress during the first half of 2015, particularly with regards to operations at its two investee companies and its successful IPO. Looking forward, the Board is enthused by the opportunities that it is seeing for further investment. Our own operations are quite simple, but as we grow they naturally become more demanding, so we must now renew our attention on internal structures, particularly the hiring of a senior finance professional who can help take us to the next level of growth and corporate governance.

James Newman

Non-Executive Chairman

29 September 2015

STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 30 June 2015

	Note	*Period from 1 January 2015 to 30 June 2015 RMB'000*	*Period from incorporation on 4 March 2014 to 30 June 2014 RMB'000*	*Period from incorporation on 4 March 2014 to 31 December 2014 RMB'000*
Administrative expenses		(7,659)	(4,519)	(8,020)
Financial expenses		64	(1)	(5)
Profit before tax		(7,595)	(4,520)	
Unrealised gain on unquoted financial assets				284,000
Taxation	12	-	-	(71,000)
Total comprehensive profit for the financialperiod	**11**	**(7,595)**	**(4,520)**	**204,975**
Earnings per share- basic and diluted		**(0.30)**	**(0.18)**	**8.2**

(expressed as RMB per share)

STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Note	*30 June 2015 RMB'000*	*31 December 2014 RMB'000*
Assets			
Non-current assets:			
Unquoted financial assets at fair value through profit or loss	4	500,000	480,000
		500,000	480,000
Current assets:			
Cash and cash equivalents		48,446	10
		48,446	10
Total assets		**548,446**	**480,010**
Equity and liabilities			
Shareholders' Equity:			
Share capital	6	14	10
Retained earnings		197,380	204,975
Contributed capital	7	266,031	196,000
Total equity		463,425	400,985
Non-current liabilities:			
Deferred tax liability	12	71,000	71,000
		71,000	71,000
Current liabilities:			
Accruals		980	1,317
Amounts due to shareholders	5	13,041	6,708
		14,021	8,025
Total liabilities		85,021	79,025
Total equity and liabilities		**548,446**	**480,010**

Signed and authorised for issue on behalf of the Board on:

Yang Xiao
- Director

STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2015

	Share capital RMB'000	*Retained earnings RMB'000*	*Contributed capital RMB'000*	*Total RMB'000*
On incorporation (4 March 2014)	10	-	-	10
Total comprehensive income for the period	-	(4,520)	-	(4,519)
Capital contribution	-	-	196,000	196,000
30 June 2014	**10**	**(4,520)**	**196,000**	**191,491**

	Share capital RMB'000	*Retained earnings RMB'000*	*Contributed capital RMB'000*	*Total RMB'000*
1 January 2015	10	204,975	196,000	400,985
Total comprehensive income for the period	-	(7,595)	-	(7,595)
Capital obtain	4	-	-	4
Capital contribution	-	-	70,031	70,031
30 June 2015	**14**	**197,380**	**266,031**	**463,425**

STATEMENT OF CASHFLOWS
For the six month period ended 30 June 2015

	Period from 1 January 2015 to 30 June 2015RMB'000	*Period from incorporation on 4 March 2014 to 30 June 2014 RMB'000*
Cashflows from operating activities		
Loss before tax	(7,595)	(4,519)
Increase in other payables and accruals	-	980
Decrease in other payables and accruals	(337)	-
Net cash outflow from operating activities	**(7,932)**	**(3,539)**
Cashflows from financing activities		
Cash proceeds from issue of shares	70,035	10
Loan from shareholders	6,333	3,539
Net cash inflow from financing activities	**76,368**	**3,549**
Cashflows from investing activities		
Invest to other company	(20,000)	-
Net cash inflow from investing activities	**(20,000)**	**-**
Net increase in cash and cash equivalents	**48,436**	**10**
Cash and cash equivalents at the beginning of period	10	-
Cash and cash equivalents at the end of period	**48,446**	**10**

NOTES TO THE FINANCIAL INFORMATION
For the six month period ended 30 June 2015

1. GENERAL INFORMATION

The financial information set out herein is in respect of Grand Group Investment PLC ("Grand Group" or the "Company") for the period from 1 January 2015 to 30 June 2015 and has been prepared by the directors of the Company (the "Directors").

The company was incorporated on 4 March 2014 and is domiciled in the British Cayman Islands and its registered office is at 89 Nexus Way, Camana Bay, KY1-9007, British Cayman Islands. The principal place of business is Room 2023, South Building, Lihu Technology Innovation Center, No.11, Wuhu Road, Wuxi City, Jiangsu Province, PRC.

On 4 September 2014, it was resolved by the shareholders that the Company change its name from Grand Group Investment Limited to Grand Group Investment PLC.

2. PRINCIPAL ACTIVITIES

The Company is a value-added and technology innovation private equity investment vehicle, which principally focuses on investing in small and medium-sized enterprises in the People's Republic of China.

3. BASIS OF PREPARATION

The unaudited financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as endorsed by the European Union with the exception of International Accounting Standard ('IAS') 34 - Interim Financial Reporting. Accordingly the interim financial statements do not include all the information or disclosures required in the annual financial statements and should be read in conjunction with the Company's 2014 annual financial statements.

The same accounting policies, presentation and method of computation are followed in this financial information as was applied in the company's latest annual audited financial statements and using accounting policies that are expected to be applied for the financial year ending 31 December 2015. Practice is continuing to evolve on the application and interpretations of IFRS. Further standards may be issued by the International Accounting Standards (IASB) and standards currently in issue and endorsed by the EU may be subject to interpretations issued by International Financial Reporting Interpretations Committee. The financial information is presented in Renminbi ("RMB"), rounded to the nearest thousand ,unless otherwise stated.

Preparation of financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial information are in the following areas:

Valuation of unquoted investments

In estimating the fair value for an investment, the Company applies a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio using reasonable market-data. Carrying values are dealt within in Note 4.

The Company has adopted the "multiple methodology" prescribed in the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines to value its investments at fair value through profit or loss.

4. UNQUOTED FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note
On incorporation	
Additions	
Fair value changes through profit or loss	
Balance at 31 December 2014	(a)
Additions	(b)
Fair value changes through profit or loss	
Balance at 30 June 2015	

(a) Wuxi Victory Media & Culture Co. Ltd ("Victory China")

The Company holds an indirect, non-controlling, 33% interest in Wuxi Victory Media and Cultural Co. Limited ("Victory China") which was acquired on 3 June 2014. Victory China's principal activity is the production of video course ware for the vocational training of migrant workers in China.

The Company is outside the scope of IAS 28 "Investments in Associates" on the basis that it is a private equity investment vehicle. The Company has, therefore, elected to measure the investment at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments".

As PRC law and regulations prohibit foreign control of companies involved in internet content, the Company is unable to take a direct equity interest in Victory China. As a result:

i. The Company's 33% interest in Victory China is held via Weirui Culture Development (Wuxi) Company Limited ("Victory WFOE"), a company incorporated in the PRC in which the Company in directly owns 33% of the equity(as described below);

ii. Victory WFOE holds an effective 100% interest in Victory China through a series of contractual arrangements referred to as Variable Interest Entities Agreements dated 3 June 2014 (the" VIE Agreements").These agreements are explained in detail below

The equity interests of Victory WFOE are legally held directly or indirectly by the shareholders of the Company via intermediary holding companies as follows:

Victory Education Investment Limited

The Company has a 33% equity interest in Victory Education Investment Limited ("Victory Cayman", a company incorporated in the Cayman Islands) under a subscription agreement dated 21 April 2014. This company is a non-trading holding company.

Victory Education Investment Holding Limited

Victory Cayman owns 100% of the equity of Victory Education Investment Holding Limited ("Victory Hong Kong", a company incorporated in Hong Kong). Victory Hong Kong owns 100% of the equity of Victory WFOE.

VIE agreements

Whilst Victory WFOE does not hold the equity in Victory China, it has effective control and beneficial ownership of Victory China via the VIE agreements. The risks inherent in the nature of the Company's investment in Victory China are disclosed in Note 9.

In April 2014, Shenzhen Grand Culture and Technology Development Co. Ltd ("Shenzhen Grand", a related party by virtue of the fact that it has a common shareholder structure, see Note 8) was issued 33% of the equity of Victory China for a total consideration of RMB196m. In June 2014, Shenzhen Grand, together with the other shareholders of Victory China entered into the VIE agreements to transfer their interests in Victory China (as described below) to Victory WFOE.

The VIE agreements include an Exclusive Business Cooperation Agreement, an Exclusive Option Agreement, a Loan Agreement, a series of Equity Pledge Agreements, a Spouse Consent Letter, and a Power of Attorney.

Victory WFOE does not enjoy direct equity ownership of Victory China. Instead, the VIE agreements enable Victory WFOE to:

- Receive substantially all of the economic benefits and residual returns from Victory China as if it were a wholly owned subsidiary;
- Exercise effective control over Victory China; and
- Have an exclusive option to acquire all of the equity interests in VictoryChina.

Fair value

The valuation is based on a share price premised on a Price / Earnings ratio of 25, as determined from a review of peer competitors. A discount was applied (40%) that reflects the lack of liquidity of the shares of Victory China, the age profile of the investment and the Chinese market.

The discount applied is considered to be a significant input in the valuation. At 31 December 2014, had the discount applied increased/decreased by 10%, the effect in the results and equity for the period would be a loss/gain of RMB 72m.

(b) Wuxi Jin Xun Tong Technology Ltd ("JinXunTong")

The Company holds an indirect, non-controlling, 15% interest in Wuxi Jin Xun Tong Technology Ltd ("Jin Xun Tong") which was acquired on 18 May 2015. JinXunTong is an online learning solutions provider to China's urban and rural vocational education industry that was incorporated in 2010 in WuXi City, China.

The Company is outside the scope of IAS 28"Investments in Associates" on the basis it is a private equity investment vehicle. The Company has therefore elected to measure the investment at fair value through profit or loss in accordance with IFRS 9"Financial Instruments"

Fair value

The Company has adopted the "recent investment methodology" prescribed in the IPEVCV guidelines to value its investment at fair value through profit or loss. Applying this methodology, and due to the proximity to the period end of the purchase of15% of the equity of JinXunTong (in May 2015), the Company used RMB20m, the purchase consideration paid for shares in JinXunTong, as the basis to estimate the fair value of the investment. The Directors consider that there has been no subsequent investment events which would result in a fair value change and no impairment in the value of the investment in the period since acquisition.

5. AMOUNTS DUE TO SHAREHOLDERS

	30 June 2015	*31*
	RMB'000	
Shareholders' loan	13,041	
	13,041	

The shareholders' loan for all periods discussed herein, has been and remains unsecured, interest-free and repayable on demand.

6. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 4 March 2014 and is authorised to issue 25,000 shares of £1.00 (approximately RMB 10) each.

On 4 September2014, it was resolved to subdivide the Company's share capital by a ratio of 1:25,000. The resulting authorized and issued share capital amounts to 625,000,000 shares and 25,000,000 shares respectively.

The issued shares have a nominal value £0.00004 per share and are fully paid at par. There are no restrictions on the distribution of dividends and the repayment of capital.

On 27 January 2015, the Company raised £7.1 million (before expenses) by placing 8,952,631 ordinary shares with institutional and other investors at a placing price of 80 pence per ordinary share on the AIM market of the London Stock Exchange. This amounted to RMB 70 million. Monies received were deposited in the bank account of Wuxi Cultural Development Limited, the Company's wholly owned PRC based subsidiary.

WFOE status, through its new 100% intermediary Hong Kong based holding company Great International Wealth and Wisdom, was confirmed as the creation of this entity in April 2014, with effective ownership having been transferred to the Company on 14 January 2015.

7. CONTRIBUTED CAPITAL

The capital reserve arose as a result of capital contributions made by the shareholders of the Company in transferring effective control and beneficial ownership of their interests in Victory China under the VIE Agreements as disclosed at Note 4 and made by placing ordinary shares with institutional and other investors at a placing price of 80 pence per ordinary share on the AIM market of the London Stock Exchange at Note 6.

	30 June 2015	*31*
	RMB'000	
Capital reserve	266,031	

8. RELATED PARTY TRANSACTIONS

a) No remuneration was paid to key management personnel during the period.

b) Shenzhen Grand Culture and Technology Development Co. Ltd ("Shenzhen Grand"), is a related party by virtue of the fact that the Company and Shenzhen Grand are subject to the same ownership structure. The Company has a ten year Strategic Cooperation Agreement (dated 24 November 2014) with Shenzhen Grand where by the Company is required to pay a 0.5% finder's fee for any investment introduced. This is included in other payables and accruals.

Victory China finder's fee payable per the Strategic Cooperation Agreement (includes a non compete clause in relation to investment activities)

9. FINANCIAL INSTRUMENTS

VIE agreement risk

As PRC law and regulations prohibit foreign control of companies involved in internet content, the Company is unable to take a direct equity interest in its two underlying investments, Victory China and JinXunTong. Currently, the Company has an indirect interest in both Victory China and JinXunTong through a series of contractual arrangements (the VIE Agreements) entered into, respectively, between Victory WFOE, Victory China and its shareholders (as detailed in Note 4) and the JinXunTong WFOE, JingXunTong China and its shareholders.

In the opinion of the Company's management, the VIE Agreements provide the Company with the ability to control both investments and the entitlement to substantially all the economic benefits from the underlying businesses in China. Therefore, indirectly, the VIE Agreements provide the Company with a 33% investment in Victory China, and a 15% interest in JinXunTong.

Furthermore, in the opinion of the Company's PRC legal counsel, the VIE Agreements do not violate any current applicable PRC laws, rules and regulations.

However, due to the uncertain ties regarding the interpretation and enforcement of PRC laws, rules and regulations, including but not limited to the laws, rules and regulations with respect to the validity and enforcement of the VIE Agreements or the contractual arrangements, the risk of being challenged by PRC regulatory authorities may not be completely ruled out.

If the Company's ownership structure and the VIE Agreements were found to be in violation of any existing or future PRC laws or regulations by the relevant regulatory authorities, the Company may be subject to penalties, which may include but not be limited to, revocation of the business licenses or operating licenses of its PRC associates or that of Victory China, being required to restructure the Company's operations or discontinue the Company's operating activities. If any of these penalties result in its inability to receive economic benefit from Victory China, the Company's investment in Victory China may be impaired.

In addition, if Victory China or its shareholders fail to perform their obligations under the VIE Agreements, the Company and its investee companies may have to incur substantial costs and expend resources to enforce the Company's rights under the contracts. The Company and its associates may have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief and claiming damages, which may not be effective. All these VIE Agreements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in other jurisdictions, such as the United Kingdom. As a result, uncertainties in the PRC legal system could limit the Company's ability to enforce these VIE Agreements. Under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would incur additional expenses and delay. In the event the Company and its associates are unable to enforce these VIE Agreements, the Company may not be able to receive economic benefit from Victory China and its investment in Victory China may be impaired.

Valuation risks

While investments in companies whose business operations are based in China may offer the opportunity for significant capital gains, such investments also involve a degree of business and financial risk, in particularly for unquoted investments. Generally, the Company expects to hold unquoted investments in the mid to long term, especially if the investee company is not in a position for an admission to trading on a stock exchange. Sales of securities in unquoted investments maybe made at a discount to the book value.

The Company has policies and procedures in place to ensure that investments are made in accordance with the Company's investment policy and its objectives. The Company expects to work closely with potential investee companies for a period of 6 months to 18 months prior to making an investment, therefore increasing the level of information and understanding available to make investment decisions. All investment decisions are made with the benefit of third party due diligence and on a majority decision of the Board.

10. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the balance between debt and equity.

The capital structure of the Company at 30 June 2015 consisted of shareholders' loans of RMB13.041m (Note5) less bank balances and cash of RMB10,000 and equity attributable to the equity holders of the Company, comprising capital contributions of RMB266m, paid in capital of RMB14,000 and retained earnings of RMB197m (disclosed in the statement of changes in equity).

The Company reviews the capital structure on an on-going basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through the payment of dividends, new share issuances and the issue of new debt or the repayment of existing debt.

The Company monitors capital using the net debt-to-capital ratio, the percentages of which as at 30 June 2015 and 31 December 2014 were as follows:

	Note	*30 June 15* *RMB'000*	*31 December 14* *RMB'000*
Amounts due to shareholders	5	13,041	6,708
Less: bank balances and cash		(48,446)	(10)
Net debt		**(35,405)**	**6,698**
Equity		**463,425**	**400,985**
Net debt to capital ratio		**(7.60%)**	**1.70%**

11. PROFIT PER SHARE

	30 June 2015	*30 June 2014*
Profit attributable to ordinary shareholders	(7,595,000)	(4,520,000)
Weighted average number of shares	25,000,000	25,000,000
Profit per share (expressed as RMB per share)	**(0.30)**	**(0.18)**

12. TAXATION

Under current British Cayman Island law, the Company is not obligated to pay any taxes in the British Cayman Islands on either income, profits or capital gains. The Company has received a certificate undertaking as to a tax concession issued by the Cabinet Office of the British Cayman Islands dated 25 March 2014.

According to the PRC Enterprise Income Tax Law and its Detailed Implementing Rules, a foreign company established out of China where management is located inside China, will be regarded as a Tax Resident Enterprise in China and subject to tax in China. Management is defined as the management and control on the overall production / business operation, personnel, books and records, and assets of the company. Accordingly, Grand Group Investment Plc is likely to be considered a Tax Resident Enterprise in China.

Under PRC Enterprise Income Tax Law unrealised gains on investment fair value reflected through profit or loss **are not taxable in China.** However, if Grand Group Investment Plc would be regarded as a Tax Resident Enterprise in China, it will have PRC tax exposure on the gains realised at transfer of shares in the future. The deferred tax liability is based on the tax rate and tax base that are consistent with the manner of recovery or settlement of the asset (i.e. through sale), and has been determined based on a PRC corporate income tax rate of 25%.

	RMB'000
On incorporation	**-**
Deferred tax charge to statement of comprehensive income	71,000
Deferred tax balance as at 31 December 2014 and 30 June 2015	**71,000**

13. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors there is no ultimate controlling party.

14. LEGAL REPRESENTATIVE

Every business established in China, whether domestic or foreign, is required to have a legal representative. He/she is the main principal of the company and is the employee with the legal power to represent - and enter into binding obligations on behalf of - the company in accordance with the law or articles of association of the company. The legal representative is authorised to perform all acts regarding the general administration of a company according to the company's aims and objectives, which includes:

- Acting to conserve the company's assets;
- Executing powers of attorney on the company's behalf;
- Authorizing legal representation of and litigation by the company; and
- Executing any legal transactions that are within the nature and scope of that company's business.

Chops (Company Seal)

In China, every company is required to have a "chop", or company seal, which will be in the custody of the legal representative. Control of the chop is important in order to minimize risks. The legal representative's chop is required on numerous company documents and is regarded as a signature. The legal representative can, by using the chop, bind the company.

If a legal representative is to be changed, such a change has to be chopped and approved by the outgoing legal representative. The Company's legal representative in China is Mr. Wu Xiaoyong.

Mr. Wu Xiaoyong was a business man in the media industry. Mr. Yang Xiao hired him to work at Grand Group in 2014. Mr. Wu is responsible for administration of Grand Group.

15. RECENT ACCOUNTING PRONOUNCEMENTS

(a) New interpretations and revised standards effective for the period ended 31 December 2014 and the period ended 30 June 2015

The Company has adopted new interpretations and revised standards effective at 4 March 2014 and for the period ended 31 December 2014 and the period ended 30 June 2015.

(b) Standards and interpretations issued but not yet effective

A number of new standards and amendments to existing accounting standards (IFRS) have been published which are mandatory, but are not effective for the period ended 30 June 2015. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application other than the following:

IFRS 9: Financial Instruments

The standard makes substantial changes to the recognition and measurement of financial assets and financial liabilities and de-recognition of financial assets. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit and loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the Company will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This is not considered likely to give rise to any significant reclassifications.

The principal change to the measurement of financial assets measured at amortised cost or fair value through other comprehensive income is that impairments will be recognised on an expected loss basis compared to the current incurred loss approach. As such, where there are expected to be credit losses these are recognised in profit or loss. For financial assets measured at amortised cost the carrying amount of the asset is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

The standard is effective for periods beginning on or after 1 January 2018.