Grand Group
高睿德

2014
Annual Report

incubate

invest

exit

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Information on the Company

Directors

Executive Directors

Xiao Yang
Jiang Zhou
Ying Ying Gu
Chuang Li

Non Executive Directors

James Newman, Chairman
Stephen Roberts
J. Mark Hemmann

Audit Committee

J. Mark Hemmann, Chairman
James Newman

Nominations Committee

James Newman, Chairman
Stephen Roberts

Remuneration Committee

Stephen Roberts, Chairman
J. Mark Hemmann

Legal Representative in China

Xiaoyong Wu (see Note 15)

Company Number

285708

Registered Office

Elian Fiduciary Services (Cayman) Limited
89 Nexus Way
Camana Bay
Cayman Islands
KY1 9007

Nominated Adviser and Broker

ZAI Corporate Finance Ltd
1 Hobhouse Court
Suffolk Street
London
SW1W 4HH

Registrars

Computershare Investor Services (Cayman) Limited
One Capital Place
The R&H Trust Co Limited
Winward 1
Regatta Office Park
West Bay Road
Grand Cayman
KY1 1103

UK Depositary

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Auditor

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

Legal Advisers

UK: Pinsent Masons LLP
30 Crown Place
Earl Street
London
EC2A 4ES

Cayman: Ogier
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Hong Kong

Public Relations Advisers

Abchurch Communications Limited
125 Old Broad Street
London
EC2N1AR

Chairman's Statement

2014 was an exciting year for Grand Group, which saw the formation of the Company, a strong partnership with the Tan Kah Kee Society ("TKK") established and the Group's initial investment into Wuxi Victory Media & Culture Co., Ltd. ("Victory"). Post the period end, the Group successfully joined the AIM market of the London Stock Exchange on 27 January 2015 raising £7.1 million (gross proceeds). The Board is pleased to announce today the Group's maiden set of results as a publically quoted company.

About Grand Group

Grand Group was founded in 2014 by Mr Xiao Yang and other founding shareholders. The Company has been established for the purpose of identifying, acquiring and investing in small to medium-sized companies was 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 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.

Results

The results for the period from 4 March 2014 to 31 December 2014 (the "period") were encouraging, primarily reflecting the upward revaluation of the Group's investment in Victory China. As at 31 December 2014, the fair value of the Company's investment in Victory China was revalued by RMB 284 million to RMB 480 million based on a review of peer competitors, and applying a discount to reflect the lack of liquidity of the shares of Victory China, the age profile of the investment and the Chinese market. This is discussed in detail in Note 4 to the financial statements.

The Group's negative operating cash flow for the year reflects the early stage of the Group's business: cash inflows will occur primarily when Grand Group exits investments.

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 year-end, gross margin still exceeded 90% and net margin exceeded 60%, up from 54% in 2013. Cash flow from operations reached RMB 100 million.

Chairman's Statement continued

Upon completion of the pre-IPO reorganisation, Grand Group acquired 33.33% of Victory from Shenzhen Grand Culture and Technology Development Co. Ltd., which had previously made a cash investment of RMB 196 million into Victory China. As at 31 December 2014, the fair value of the Company's investment in Victory China was revalued by RMB 284 million to RMB 480 million as detailed above. The Board understands that Victory China is targeting a flotation within the next two years.

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

In Q1 2015, after the period covered in these statements, 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 four million registered members, of which approximately two million are paying users who have already paid total membership fees of approximately RMB 200 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. At the same time, the Central Government's anti-corruption drive has had a negative impact on certain aspects of consumption, such as luxury goods and spending in restaurants and bars. As a result, GDP growth fell to 7.4% in 2014 and 7.0% in the first quarter in 2015, but the shift is toward the government's goal of slower but more sustainable growth. Technology and scientific sectors continue to expand, driven by national initiatives on urbanisation and improvements in production quality. Those same 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 2014, both the continued maturing of its initial investment and its successful IPO which completed just after the period end. Looking forward to 2015, the Board is enthused by the opportunities that it is seeing for further investment. Victory China's business is developing rapidly which should position it well for a flotation in due course.

James Newman
Non-Executive Chairman

26 June 2015

Corporate Governance

As an AIM-listed company, Grand Group does not comply with the UK Corporate Governance Code published by the Financial Reporting Council. However, the directors do place a high degree of importance on ensuring that high standards of corporate governance are maintained. The following sections note the governance procedures applied by Grand Group.

Board Responsibilities

The Board currently comprises three independent Non-Executive Directors and four Executive Directors. The Group will hold at least four Board meetings per annum, at which the Directors review the Group's performance and all other important issues to ensure control is maintained over the Group's affairs. The Directors expect to be kept fully informed of the Group's performance, and other matters that are relevant to the business of the Group and that should be brought to the attention of the Directors. The Directors have access to the financial and legal advisers and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Group.

The Board has a breadth of experience relevant to the Group, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. With any new appointment of a Director to the Board, consideration will be given as to whether a formal induction process is appropriate. The Board believes that the mix of skills, experience, ages and length of service are appropriate to the requirements of the Group.

In advance of a Board meeting, the Board considers agenda items laid out in the formal meeting notice and agenda. Directors may request any agenda items to be added that they consider appropriate for the Board's discussion. Additionally, each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussion.

All members of the Board are expected to attend each Board meeting, whether by phone or in person, and to arrange their schedules accordingly, although non-attendance is unavoidable in certain circumstances.

Audit Committee

The Audit Committee of the Group, comprising Mark Hemmann and James Newman, is chaired by Mark Hemmann and meets at least twice a year. The Audit Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. The Audit Committee is responsible for the scope and effectiveness of the external audit and compliance by the Group with statutory and regulatory requirements. The Audit Committee also advises the Board on the appointment of the external Auditors, reviews their fees and the audit plan. It approves the external Auditors' terms of engagement, their remuneration and any non-audit work.

The Audit Committee also meets the Group's Auditors and reviews reports from the Auditors relating to accounts and internal control systems. The Audit Committee meets with the Auditors as and when the Audit Committee requires.

In the period since fiscal year end, the most significant issues that the Audit Committee considered in relation to the financial statements were a) valuation of the company's investment in Victory China, as the revaluation of that investment dominates the income statement, and b) the proceeds from the Company's January 2015 IPO. These were discussed at length, both internally and with the Auditors.

Auditor objectivity and independence is safeguarded through limiting non-audit services to tax and audit-related work that fall within defined categories. Non-audit work is approved by the Audit Committee if the committee concludes that it is in the interests of the Group to purchase non-audit work from the external Auditors (rather than another supplier). Any future non-audit work by Moore Stephens LLP will be monitored and approved by the Audit Committee.

Corporate Governance continued

Remuneration Committee

The Remuneration Committee comprises Stephen Roberts, Chairman, and Mark Hemmann, both of whom are independent NEDs. The Committee meets at least twice a year and is responsible for recommending the remuneration policy for all executive directors and the Company's Chairman, including pension rights and any compensation payments. It also recommends and monitors the level of salary and structure for senior management.

In determining such policy, the Committee takes account of all factors which it deems necessary, including relevant legal and regulatory requirements and the provisions and recommendations of the UK Corporate Governance Code. The remuneration and the terms and conditions of the Non-Executive Directors are determined by the Directors with due regard to the interests of the Shareholders and the performance of the Group. In this regard it will work closely with all other Board Committees.

It should be noted that senior management and executive directors' salaries are low. The annual remuneration of the 5 senior employees totals only RMB1.29 million, whilst the four executive directors are paid a total of RMB 1.95 million per annum. The executive directors are also shareholders in Shenzhen Grand which receives a 0.5% fee on every company introduced to Grand Group in which the latter invests. Details of this arrangement were fully disclosed in the Admission Document.

There are currently no plans to amend the salaries of the directors or the senior management or to introduce a mechanism to link rewards to performance.

Nomination Committee

The Nomination Committee comprises James Newman, Chairman, and Stephen Roberts and meets at least once a year. The function of the Nomination Committee is to consider the appointment and reappointment of Directors as well as all key appointments of management.

When considering the appointment and reappointment of Directors, the Nomination Committee and the Board consider whether the Board and its committees have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their respective duties and responsibilities effectively.

The key appointment this Committee will deliberate during 2015 is that of the Finance Director. In the future, the FD will work closely with the board and management on such key issues as the audit and corporate governance, not to mention the Group's own capital needs and the listing of its investments. Shareholders vote on the re-appointment of all Directors at the first Annual General Meeting and Directors retire by rotation thereafter.

Share Dealing

The Group has adopted a share dealing code for Directors' dealings. The Directors will comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees as well.

The Takeover Code

As a company incorporated in the Cayman Islands, the Group will not be subject to the Takeover Code. As a result, certain protections that are afforded to Shareholders under the Takeover Code, for example in relation to a takeover of a company or certain stake-holding activities by Shareholders, do not apply to the Group.

However, certain protections have been incorporated into the Group's Articles which, to an extent, mirror the provisions of Rule 9 of the Takeover Code (the "Relevant Code Provisions"). The Articles provide that if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30% or more of the voting rights of the Group, the acquirer and, depending on the circumstances, the concert parties, will be required (except with the agreement of the Group in a general meeting by ordinary resolution of independent Shareholders) to make a cash offer for the outstanding shares in the Group at a price not less than the highest price paid by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30% and 50% of the voting rights in the Group if the effect of such acquisition were to increase the person's percentage of voting rights. The main difference between these provisions and the Relevant Code Provisions is that the Takeover Panel does not have any jurisdiction to enforce these provisions.

Disclosure and Transparency Rules

The provisions of DTR 5 shall be deemed to apply to the Group, so that Shareholders are required under the Articles to notify the Group of the percentage of their voting rights if the percentage of voting rights which they hold as a Shareholder or through their direct or indirect holding of financial instruments falling within paragraph 5.1.3R of DTR 5 (or a combination of such holdings) reaches, exceeds or falls below 3%, 4%, 5%, 6%, 7%, 8%, 9%, 10%, and each 1% threshold thereafter up to 100%, or reaches or exceeds or falls below any of these thresholds as a result of events changing the breakdown of voting rights. If any Shareholder fails to comply with these requirements, the Directors may, by notice to the holder of the shares, suspend their rights as to voting, dividends and transfer.

Such suspension shall have effect from the date on which the default notice is delivered to the Shareholder until a date that is not more than seven days after the Board has determined that the holder of the shares has resolved the non-compliance. During the period of such suspension, any dividend or other amount payable in respect of the shares shall be retained by the Group without any obligation to pay interest thereon.

The Directors have the power, by giving notice, to require any Shareholder to disclose to the Group the identity of any person other than the Shareholder who is interested in the shares held by the Shareholder or who has been at any time during the preceding three years so interested, in both cases together with details of the nature of such interest.

If any Shareholder has been duly served with such a notice and is in default of the prescribed period in supplying the information required then certain restrictions shall apply. A disclosure notice may direct that the Shareholder shall not be entitled to vote at a general meeting or meeting of the holders of any class of shares of the Group or exercise any other right conferred by membership in relation to the meetings of the Group or holders of any class of shares.

Where the default shares represent at least 0.25% of the issued shares of that class, any dividend or other money which would otherwise be payable may also be retained by the Group and transfers of default shares will be restricted until the restrictions cease to apply.

Independent Auditors' Report to the Members of Grand Group Investment PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Group Investment PLC, which comprise the statement of financial position as at 31 December 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 4 March 2014 to 31 December 2014, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014 and its financial performance and its cashflows for the period then ended in accordance with International Financial Reporting Standards.

Moore Stephens LLP
Chartered Accountants
150 Aldersgate Street
London
EC1A 4AB

26 June 2015

Statement of Comprehensive Income

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

	Note	Period from 4 March 2014 to 31 December 2014 RMB'000
Administrative expenses		(8,020)
Financial expenses		(5)
Unrealised gain on unquoted financial assets		284,000
Profit before tax		275,975
Taxation	13	(71,000)
Total comprehensive profit for the financial period		**204,975**
Profit per share – basic and diluted (expressed as RMB per share)	11	8.2

Statement of Financial Position

As at 31 December 2014

	Note	As at 31 December 2014 RMB'000
Assets		
Non current assets:		
Unquoted financial assets at fair value through profit or loss	4	480,000
		480,000
Current assets:		
Cash and cash equivalents		10
		10
Total assets		**480,010**
Equity and liabilities		
Shareholders' Equity:		
Share capital	6	10
Retained earnings		204,975
Contributed capital	7	196,000
Total equity		**400,985**
Non current liabilities:		
Deferred tax liability	13	71,000
		71,000
Current liabilities:		
Accruals		1,317
Amounts due to shareholders	5	6,708
		8,025
Total liabilities		79,025
Total equity and liabilities		**480,010**

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

Xiao Yang
Director

24 June 2015

Statement of Changes in Equity

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

	Share capital RMB'000	Retained earnings RMB'000	Contributed capital RMB'000	Total RMB'000
On incorporation	10	–	–	10
Total comprehensive income for the period	–	204,975	–	204,975
Capital contribution	–	–	196,000	196,000
31 December 2014	**10**	**204,975**	**196,000**	**400,985**

Statement of Cash Flows

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

	Period from 4 March 2014 to 31 December 2014 RMB'000
Cash flows from operating activities	
Profit before tax	275,975
Unrealised gain on unquoted financial assets	(284,000)
Increase in other payables and accruals	1,317
Net cash outflow from operating activities	**(6,708)**
Cash flows from financing activities	
Cash proceeds from issue of shares	10
Loan from shareholders	6,708
Net cash inflow from financing activities	**6,718**
Net increase in cash and cash equivalents	**10**
Cash and cash equivalents at the beginning of period	—
Cash and cash equivalents at the end of period	**10**

Non cash transaction

During the period the Company made an investment of RMB 196m in Wuxi Victory & Culture Co. Ltd, contributed by its shareholders through a VIE and WFOE arrangement as detailed per note 4.

Grand Group 高睿德

Notes to the Financial Information

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

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 4 March 2014 (date of incorporation) to 31 December 2014 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 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 & medium sized enterprises in the People's Republic of China.

3. Accounting Policies

a) Basis of Preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which collective term includes all applicable individual IFRS, International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

The financial information has been prepared under the historical cost convention, except for the revaluation of certain financial assets. The financial information is presented in Renminbi ("RMB"), rounded to the nearest thousand, unless otherwise stated.

b) 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 and on the following basis:

- Dividend income is recognised when the Company's right to receive payment is established.

c) Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Financial Information continued

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

3. Accounting Policies continued

c) Financial instruments continued

Unquoted financial assets at fair value through profit or loss

Classification

The Company classifies its unquoted financial assets as financial assets at fair value through profit or loss. These financial assets are designated by the Directors as at fair value through profit or loss at inception.

Financial assets designated as at fair value through profit or loss at inception are those that are managed as part of an investment portfolio and their performance evaluated on a fair value basis in accordance with the Company's investment strategy.

Recognition/derecognition

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment.

A fair value through profit or loss asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when rights are realised, expire or are surrendered and the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Realised gains and losses on fair value through profit or loss assets sold are calculated as the difference between the sales proceeds and cost. Fair value through profit or loss assets that are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Company has transacted an unconditional disposal of the assets.

Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed through profit or loss. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value in accordance with IFRS 13 'Fair value measurement'. For determining a suitable valuation technique the company applies International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the period in which they arise.

Other payables and accruals

Other payables and accruals are not interest bearing and are stated at their fair value.

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents, measured at fair value, represent short term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

Impairment of financial assets

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on financial assets are recognised when there is objective evidence that the Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

3. Accounting Policies continued

c) Financial instruments continued

Financial liabilities

The Company's financial liabilities include amounts due to shareholders. Financial liabilities are recognised when it becomes a party to the contractual provision of the instrument. All financial liabilities are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

d) Earnings per share

Basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares during the period plus the dilutive effect of dilutive potential ordinary shares outstanding during the period.

e) Foreign currency translation

Functional and presentation currency

Items included in the financial information of the Company is measured using the currency of the primary economic environment in which it operates ("functional currency"), which is Chinese Renminbi ("RMB").

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re measured.

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.

f) Related parties

For the purpose of the financial information, related parties are defined as:

1. 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 key management personnel of the Company.
2. 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.
   - 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.

Notes to the Financial Information continued

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

3. Accounting Policies continued

f) Related parties continued

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 Company or a related entity.

vi. The entity is controlled or jointly controlled by a person identified in (1).

vii. A person identified in (1)(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).

g) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

h) Critical accounting estimates and judgements

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.

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

Going concern

The financial information has been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business. The Company's current liabilities exceeded its current assets by RMB 79,015,000 as at 31 December 2014. The Company's continuance in business as a going concern is based on the successful post year end listing on the AIM market (see note 12).

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 with 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

	RMB'000
On incorporation	
Additions	196,000
Fair value changes through profit or loss	284,000
Balance as at 31 December 2014	**480,000**

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 courseware for the training of vocational courses to migrant workers in 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"

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 PRC in which the Company indirectly owns 33% of the equity (as described below); and

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 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 RMB 196m. 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.

Notes to the Financial Information continued

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

4. Unquoted Financial Assets at Fair Value through Profit or Loss continued

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 Victory China. Below is a summary of the VIE Agreements:

Exclusive Business Cooperation Agreement

An Exclusive Business Cooperation Agreement was entered into by and between Victory WFOE and Victory China on 3 June 2014, whereby Victory WFOE shall provide Victory China with technical support, consulting services and other services on an exclusive basis in relation to the businesses conducted by Victory China, utilising the advantages of Victory WFOE in technology, human resources and information. Under the terms of the agreement, Victory China shall pay to Victory WFOE a service fee equaling 100% of the net income of Victory China.

Exclusive Option Agreement

An Exclusive Option Agreement was entered into by and between Victory WFOE, Victory China and the shareholders of Victory China (namely Jie Zhou, Haijun Liu, Xian Huang, Min Li, Jiazhong Yang, Xiurong Wu, Ming Zhou, Xiaofeng Gao, Jun Zhang, Shenzhen Grand Culture and Technology Development Co., Ltd ("Shenzhen Grand"), together the "Victory China Shareholders"), on 3 June 2014, whereby Shenzhen Grand granted Victory WFOE an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase the equity interests in Victory China then held by any of them. The purchase price for Victory WFOE to purchase the above equity interest from Shenzhen Grand was RMB 10. The purchase price for Victory WFOE to purchase the above equity interests from Jie Zhou, Haijun Liu, Xian Huang, Min Li, Jiazhong Yang, Xiurong Wu, Ming Zhou, Xiaofeng Gao, and Jun Zhang shall be equal to the principal amount of the loan made by Victory WFOE to Jie Zhou, Haijun Liu, Xian Huang, Min Li, Jiazhong Yang, Xiurong Wu, Ming Zhou, Xiaofeng Gao, and Jun Zhang respectively under the Loan Agreement (as described below).

Loan Agreement

A Loan Agreement was entered into by and between Victory WFOE, Jie Zhou, Haijun Liu, Xian Huang, Min Li, Jiazhong Yang, Xiurong Wu, Ming Zhou, Xiaofeng Gao, and Jun Zhang on 3 June 2014, whereby Jie Zhou, Haijun Liu, Xian Huang, Min Li, Jiazhong Yang, Xiurong Wu, Ming Zhou, Xiaofeng Gao, and Jun Zhang have obtained from Victory WFOE loans in the amount of RMB 262,625, RMB 66,650, RMB 66,025, RMB 6,900 RMB 24,000, RMB 6,900, RMB 6,900, RMB 37,500 and RMB 22,500 respectively. The term of the above loans shall be 10 years from the effective date of the Loan Agreement.

Notes to the Financial Information continued

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

4. Unquoted Financial Assets at Fair Value through Profit or Loss continued

Equity Pledge Agreements

An Equity Pledge Agreement was entered into by and between each of the Victory China Shareholders, Victory China and Victory WFOE on 14 May 2014 and a respective equity pledge registration certificate issued by Wuxi Huishan State Administration of Industry and Commerce on 14 May 2014, whereby each of the Victory China shareholders has pledged their respective equity interests in Victory China to Victory WFOE for the purpose of securing these shareholders and Victory China's full performance of their obligations under the Loan Agreement, the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Power of Attorney.

Spouse Consent Letters

Spousal Consent Letters issued respectively by the spouse of Jie Zhou, Haijun Liu, Xian Huang, Min Li, Jiazhong Yang, Xiurong Wu, Xiaofeng Gao respectively on 3 June 2014, whereby the respective spouse of Jie Zhou, Haijun Liu, Xian Huang, Min Li, Jiazhong Yang, Xiurong Wu, and Xiaofeng Gao have agreed to the execution of the other VIE Agreements by their spouse and the disposal of the equity interests of Victory China held by their spouse and to provide other assistance as to the appropriate performance of the other VIE Agreements.

Power of Attorneys

Power of Attorneys were issued by the Victory China Shareholders respectively on 3 June 2014, whereby the Victory China Shareholders have authorised Victory WFOE to act on behalf of them as their exclusive agent and attorney with respect to all matters concerning their shareholding in the Victory China, to execute all the documents they shall sign as stipulated in the Exclusive Option Agreement and the Equity Pledge Agreement, and to perform the terms of the Exclusive Option Agreement and the Equity Pledge Agreements.

Fair value

The valuation is based on a using a share price on a Price / Earnings ratio of 25, as determined from a review of peer competitors. A discount applied to the multiple of 60% 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.

5. Amounts due to Shareholders

	31 December 2014 RMB'000
Shareholders' loan	6,708
	6,708

The shareholders' loan as at 31 December 2014 is unsecured, interest free and repayable on demand.

Notes to the Financial Information continued

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

6. Share Capital

The Company was incorporated in Cayman Islands on 4 March 2014 and is authorised to issue 25,000 shares of £1.00 (approximately RMB10) each.

On 4 September 2014, it was resolved to subdivide the Company's share capital by a ratio of 1:25,000. The resulting authorised and issued share capital amounts to 625,000,000 shares and 25,000,000 shares respectively.

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

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.

	31 December 2014 RMB'000
Capital reserve	196,000

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 whereby the Company is required to pay a 0.5% finder's fee for any investment introduced. This is included within other payables and accruals.

	31 December 2014 RMB'000
Victory China finder's fee payable	980

The Strategic Cooperation Agreement includes a no competition clause in relation to investment activities.

9. Financial Instruments

Financial risk management objectives and policies

Management has adopted certain policies on financial risk management with the objective of:

(i) ensuring that appropriate funding strategies are adopted to meet the Company's short term and long term funding requirements taking into consideration the cost of funding, gearing levels and cash flow projections;

(ii) ensuring that appropriate strategies are also adopted to manage related interest and currency risk funding; and

(iii) ensuring that credit risks on receivables are properly managed.

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

9. Financial Instruments continued

Financial assets at fair value through profit or loss

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1, 2, or 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from inputs that are not based on observable market data.

	31 December 2014 RMB'000
Level 3	
Unquoted financial assets at fair value through profit or loss	480,000

The company did not hold any Level 1 or Level 2 financial assets at fair value through profit or loss in the period.

The fair values of the Company's other financial assets and liabilities approximate their carrying amounts at the reporting date.

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 sole investment, Victory China. Currently, the Company has an indirect interest in Victory China through a series of contractual arrangements (the VIE Agreements) entered into between Victory WFOE, Victory China and its shareholders (as detailed in Note 4).

In the opinion of the Company's management, the VIE Agreements provide Victory WFOE with the ability to control Victory China and the entitlement to substantially all of the economic benefits from Victory China. Therefore, indirectly, the VIE Agreements provide the Company with a 33.33% investment in Victory China.

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 uncertainties 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.

Notes to the Financial Information continued

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

9. Financial Instruments continued

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 of 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 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.

Credit risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises from cash held with banks. As the amount of cash and cash equivalents were not significant, the exposure to credit rate risk is not considered to be material to the Company.

Interest rate risks

As the Company has no borrowings from the bank and cash and cash equivalents are not significant, the exposure to interest rate risk is not considered to be material to the Company.

Liquidity risk

The Company manages its liquidity requirements by the use of both short term and long term cash flow forecasts. The Company's policy to ensure facilities are available as required is to issue equity share capital in accordance with long term cash flow forecasts, as demonstrated in subsequent event note 12.

The Company's financial liabilities are primarily amounts due to shareholders. The amounts are unsecured, interest free and repayable on demand.

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, in particular if the investee company is not in a position for an admission to trading on a stock exchange. Sales of securities in unquoted investments may be 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 typically 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.

Currency risks

Since the Company operates primarily within its local currency with little exposure to currency fluctuations, management considers that foreign currency exposure is not significant to the Company.

Notes to the Financial Information continued

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

10. Capital Management

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

The capital structure of the Company as at 31 December 2014 consisted of shareholders' loans of RMB6.708m (Note 5) less bank balances and cash of RMB10,000 and equity attributable to the equity holders of the Company, comprising capital contributions of RMB196m, paid in capital of RMB10,000 and retained earnings of RMB205m (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 issues and the issue of new debt or the repayment of existing debt.

The Company monitors capital using the net debt to capital ratio, the percentage of which as at 31 December 2014 was as follows:

	Note	31 December 2014 RMB'000
Amounts due to shareholders	5	6,708
Less: bank balances and cash	6	(10)
Net debt		**6,698**
Equity		**400,985**
Net debt to capital ratio		**1.7%**

11. Profit Per Share

	31 December 2014
Profit attributable to ordinary shareholders	204,975,000
Weighted average number of shares	25,000,000
Profit per share (expressed as RMB per share)	**8.2**

12. Subsequent Events

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 subsidiary. WFOE status was granted to this entity in April 2014, with effective ownership being transferred to the company on 14 January 2015 through its new 100% interest in Great International Wealth and Wisdom, registered in Hong Kong.

On 22 April 2015, an agreement has been entered into to make a cash investment of RMB 20m to acquire a 15 percent holding in Wuxi Jinxuntong Technology Limited. The investment was made through Wuxi Cultural Development Limited.

Notes to the Financial Information continued

For the period from 4 March 2014 (date of incorporation) to 31 December 2014

13. 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 Tax Resident Enterprise in China.

Under PRC Enterprise Income Tax Law unrealised gains on investment fair value reflected through or 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	**71,000**

14. Ultimate Controlling Party

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

15. 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 Xiaoyong Wu.

16. Recent Accounting Pronouncements

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

The Company has adopted the new interpretations and revised standards effective at 4 March 2014 and for the period ended 31 December 2014. The adoption of these interpretations and revised standards had no impact on the disclosures and presentation of the financial statements during the period.

(b) Standards and interpretations in issue but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the period ended 31 December 2014. 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 derecognition 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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the FIRST ANNUAL GENERAL MEETING of Grand Group Investment PLC (the "**Company**") will be held at the offices of Abchurch Communications, 125 Old Broad Street, London EC2N 1AR at 10:00 a.m. BST (5 p.m. Beijing time) on 23 July 2015 at which the following resolutions will be proposed:-

As ordinary business:

Ordinary Resolution 1

To receive and, if thought fit, to accept the reports of the Directors and Auditors and the audited financial statements for the year ended 31 December 2014.

Ordinary Resolution 2

To re-appoint Moore Stephens LLP as Auditors until the conclusion of the Annual General Meeting of the Company in 2016 and to authorise the Directors to agree their remuneration.

Ordinary Resolution 3

To reappoint James Newman, who retires in accordance with the Company's Articles of Association but offers himself for re-election as a director.

Ordinary Resolution 4

To reappoint Zhou Jiang, who retires in accordance with the Company's Articles of Association but offers himself for re-election as a director.

Ordinary Resolution 5

To reappoint Gu Yingying, who retires in accordance with the Company's Articles of Association but offers herself for re-election as a director.

Ordinary Resolution 6

To reappoint Li Chuang, who retires in accordance with the Company's Articles of Association but offers himself for re-election as a director.

Ordinary Resolution 7

To reappoint Yang Xiao, who retires in accordance with the Company's Articles of Association but offers himself for re-election as a director.

Ordinary Resolution 8

To reappoint John Mark Hemmann, who retires in accordance with the Company's Articles of Association but offers himself for re-election as a director.

Ordinary Resolution 9

To reappoint Stephen Roberts, who retires in accordance with the Company's Articles of Association but offers himself for re-election as a director.

As special business:

Special Resolution 10

That the Company be and is hereby generally and unconditionally authorised to allot Shares or rights to subscribe for, or to convert securities into, Shares wholly for cash otherwise than on a pre-emptive basis so that the provisions of article 2.3 of the Articles of Association of the Company shall not apply up to an aggregate nominal amount equal to 10% of the issued share capital, with such authority expiring at the Annual General Meeting of the Company in 2016, unless such authority is varied, revoked or renewed prior to such date by a Special Resolution of the Company in general meeting.

By order of the Board

James Newman
Chairman

29 June 2015

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his or her stead. A proxy need not also be a member of the Company. To be effective, forms of proxy and any authority under which it is signed (or a copy of the authority certified notarially or in any other way approved by the Directors) must be lodged with Computershare Investor Services (Cayman) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time appointed for holding the meeting. Lodgement of the form of proxy will not preclude a Shareholder from attending the meeting and voting in person.

Note:

The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Saturdays, Sundays and public holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes prior to and during the meeting:

a) A statement of Directors' interests in the share capital of the Company; and

b) The Memorandum and Articles of Association.

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