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優創金融集團控股有限公司

YOUTH CHAMP FINANCIAL GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1160)

**(I) CONTINUING CONNECTED TRANSACTION –
CHANGE OF INVESTMENT MANAGER
AND
(II) APPOINTMENT OF DIRECTOR AND
MEMBER OF INVESTMENT COMMITTEE**

(I) CONTINUING CONNECTED TRANSACTION – CHANGE OF INVESTMENT MANAGER

On 29 May 2020 (after trading hours), the Company has entered into the New Investment Management Agreement with the New Investment Manager, pursuant to which the New Investment Manager has agreed to provide non-discretionary investment management services to the Company for a period of three years from 1 June 2020.

The New Investment Manager is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules when the New Investment Management Agreement becomes effective. Accordingly, the provision of non-discretionary investment management services by the New Investment Manager to the Company under the New Investment Management Agreement constitutes a continuing connected transaction of the Company.

The maximum aggregate fees payable by the Company to the New Investment Manager under the New Investment Management Agreement will not exceed HK\$1,620,000 per annum. As the relevant percentage ratios for the transactions contemplated under the New Investment Management Agreement on an annual basis are less than 25%, and that each of the Annual Caps is less than HK\$10,000,000, the transactions contemplated under the New Investment Management Agreement are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

(II) APPOINTMENT OF DIRECTOR AND MEMBER OF INVESTMENT COMMITTEE

The Board announces that Miss Chan Mei Yan has been appointed as an Executive Director and a member of the Investment Committee with effect from 1 June 2020.

(I) CONTINUING CONNECTED TRANSACTION – CHANGE OF INVESTMENT MANAGER

Reference is made to the announcement of the Company dated 29 June 2018 in relation to the entering of the Existing Investment Management Agreement for a term of three years effective from 1 July 2018.

THE TERMINATION NOTICE

The Board announces that the Company has served the Termination Notice on the Existing Investment Manager to terminate the Existing Investment Management Agreement with effect from 1 June 2020 and release each other from all future and further obligations under the Existing Investment Management Agreement thereafter. The Termination Notice was accepted by the Existing Investment Manager. Both the Company and the Existing Investment Manager confirm that there was no disagreement between the parties, and they are not aware of any matter that needs to be brought to the attention of the Shareholders and the Stock Exchange in connection with the Existing Investment Management Agreement and the Termination Notice.

THE NEW INVESTMENT MANAGEMENT AGREEMENT

The Board further announces that the Company has entered into the New Investment Management Agreement with the New Investment Manager on 29 May 2020, pursuant to which the New Investment Manager has agreed to act as the investment manager of the Company, providing non-discretionary investment management services to the Company.

The principal terms of the New Investment Management Agreement are as follows:

Date 29 May 2020

Parties The Company and the New Investment Manager

Duration and termination

Pursuant to the New Investment Management Agreement, the New Investment Manager will be appointed by the Company as the investment manager of the Company to provide non-discretionary investment management services for a period of three years commencing from 1 June 2020. Pursuant to the terms of the New Investment Management Agreement, after the first anniversary date of the New Investment Management Agreement, either party may give not less than three months' prior notice in writing to the other party to terminate the New Investment Management Agreement.

Services to be provided

The New Investment Manager will provide non-discretionary investment management services to the Company under the New Investment Management Agreement, including:

- (a) considering and evaluating potential investments (including project proposals from its own sources or brought to its attention by other third parties) upon request; rendering investment advice to the Board based upon such information as may reasonably be available to it, and making recommendations to the Board regarding potential investments and divestments by the Company identified by the New Investment Manager or the Board upon request;
- (b) providing the Board with such information as may reasonably be available to it to acquire or to divest investments of which the New Investment Manager becomes aware and which in the opinion of the New Investment Manager are or may be suitable for the Company;
- (c) providing the Board, the auditors and the company secretary of the Company or such other persons as authorized by the Board from time to time with such information in the possession or under control of the New Investment Manager as may reasonably be required for keeping of accounts, books, records and statements pursuant to the applicable law and regulations;
- (d) executing investment and divestment decisions of the Company in accordance with the instructions of the Board and the terms of the New Investment Management Agreement;
- (e) acting from time to time in accordance with all reasonable instructions given and authorities delegated to it by the Board and the Company, and keeping the Board fully informed in exercising its powers and performing its duties hereunder; and
- (f) assisting the Board, where necessary, in calculating or reviewing the net asset value of the Company in accordance with any valuation method adopted by the Board as at each valuation date in accordance with the requirements under the Listing Rules and the bye-laws of the Company.

Management fees, relating expenses and annual cap amount

Pursuant to the New Investment Management Agreement, the New Investment Manager shall be entitled to a management fee of HK\$1,620,000 per annum payable by the Company quarterly in advance.

The following table sets out the Annual Caps for the fees payable to the New Investment Manager under the New Investment Management Agreement:

	Year ending 31 March		
	2021	2022	2023
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Annual Caps of management fees	<u>1,620</u>	<u>1,620</u>	<u>1,620</u>

The management fees under the New Investment Management Agreement were agreed after arms-length negotiation between the Company and the New Investment Manager and was determined with reference to (i) the prevailing market rates charged by investment managers, (ii) the duties and responsibilities of the New Investment Manager under the New Investment Management Agreement; (iii) the fees payable by the Company under the Existing Investment Management Agreement; and (iv) the fact that there will be no performance fee payable to the New Investment Manager under the New Investment Management Agreement.

The management fees payable to the New Investment Manager are comparable to those charged by other independent third parties in the market and, in this regard, the Board (including the Independent Non-executive Directors) considers that the management fees payable under the New Investment Management Agreement are fair and reasonable.

REASONS FOR, AND BENEFITS OF THE ENTERING INTO OF THE NEW INVESTMENT MANAGEMENT AGREEMENT

The New Investment Manager has strong business connections in the PRC and extensive third party fund management experience to provide professional investment services to the Company and it also has the competitive advantage to act as the investment manager of the Company by making available investment opportunities and research on underlying investments in listed and unlisted equities in Hong Kong and the PRC. The Directors believe that the New Investment Manager will be able to contribute towards the Company's business development and direction and the appointment of the New Investment Manager will be beneficial to the Company and its Shareholders as a whole.

Accordingly, the Directors (including the Independent Non-executive Directors) consider that:

- (a) the terms and conditions of the New Investment Management Agreement are negotiated on an arm's length basis and are fair and reasonable;
- (b) the Annual Caps are fair and reasonable;
- (c) the transactions contemplated under the New Investment Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company; and
- (d) the transactions contemplated under the New Investment Management Agreement are in the interest of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

The New Investment Manager is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules when the New Investment Management Agreement becomes effective. Accordingly, the provision of non-discretionary investment management services by the New Investment Manager to the Company under the New Investment Management Agreement constitutes a continuing connected transaction of the Company.

The maximum aggregate fees payable by the Company to the New Investment Manager under the New Investment Management Agreement will not exceed HK\$1,620,000 per annum. As the relevant percentage ratios for the transactions contemplated under the New Investment Management Agreement on an annual basis are less than 25%, and that each of the Annual Caps is less than HK\$10,000,000, the transactions contemplated under the New Investment Management Agreement are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

Miss Chan, who shall be appointed as the Executive Director as described in the paragraph headed “(II) APPOINTMENT OF DIRECTOR AND MEMBER OF INVESTMENT COMMITTEE” below, is currently one of the directors and responsible officers of the New Investment Manager. As at the date of this announcement, Miss Chan does not own any interests in the New Investment Manager. Save as disclosed in this announcement, none of the Directors are considered to have any material interests in the New Investment Management Agreement and are required to abstain from voting on the relevant board resolutions.

INFORMATION OF THE COMPANY AND THE NEW INVESTMENT MANAGER

The Company

The Company is an investment company listed under Chapter 21 of the Listing Rules. The principal investment objective of the Company is to achieve earnings in the form of short to medium term capital appreciation through investing in a diversified portfolio of investments in listed or unlisted enterprises incorporated or established and/or conducting business in Hong Kong and the PRC.

The New Investment Manager

The New Investment Manager is a company incorporated in Hong Kong with limited liability under the Companies Ordinance on 4 April 2014 and is principally engaged in the business of provision of investment advisory services to clients and managing investment portfolios for professional/institutional investors mainly in the mainland China and Hong Kong. It is a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

As at the date of this announcement, the New Investment Manager is owned by Zhongchuan Xintai Fund Management Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, immediately prior to the appointment of the New Investment Manager as the investment manager of the Company, both the New Investment Manager and its ultimate beneficial owners are independent third parties of the Company not connected with any of the Directors, chief executives and substantial Shareholders of the Company or any of their respective associates. The New Investment Manager has two responsible officers namely, Miss Chan Mei Yan and Miss Yau Shuk Han.

Miss Chan Mei Yan will be primarily responsible for providing investment management services to the Company with the assistance of Miss Yau Shuk Han.

The background and experience of the responsible officers of the New Investment Manager are as follows:

Miss Chan Mei Yan

Miss Chan, aged 43, obtained her Bachelor of Business Administration (Finance) (Honours) from the Hong Kong University of Science and Technology in 1999. Miss Chan is a responsible officer for Type 4 regulated activity (advising on securities) and Type 9 regulated activity (asset management) under the SFO. She has more than 20 years of experience in investment management from 1999 onwards. Miss Chan has been an executive director at the New Investment Manager since September 2016 and is responsible for portfolio construction and investment decision making, investment advisory, business development and strategic planning and supervision of all compliance matter including SFC related regulations.

Prior to joining the New Investment Manager, Miss Chan was a senior partner at INV Partners Limited from 2011 to 2013 and from 2013 to 2016, a company established in 2009 principally engaging in the business of investment management. Miss Chan took up a wide range of duties such as asset management, business structure set up and development, investment research and due diligence. From March 2013 to November 2013, Miss Chan was the chief operating officer of New Century Asset Management Limited, being the REIT manager of New Century REIT (Stock code: 1275.HK) from the initial public offering of the REIT to November 2013. She was a member of the finance and investment committee to real estate investment trust and was responsible for, among other things, formulating business plans, implementing asset enhancement strategies, supervising REIT operations such as financial and cash management and valuations of REIT. Miss Chan started her career at ADM Capital being one of the largest hedge fund managers in Asia since 1999. Being one of the founding members, Ms. Chan became director/head of operations of the group since 2006, where she developed various non-front office functions including but not limited to fund administration, legal and compliance, investment valuation, investor relations and marketing, corporate governance, risk management, accounting and human resources.

Miss Yau Shuk Han

Miss Yau, aged 50, graduated from Massachusetts Institute of Technology (MIT) in 1994 completing her Master Degree in Science (Electrical Engineering & Computer Science), and double Bachelor Degree in Science (Electrical Engineering & Computer Science and Management Science from MIT Sloan School of Management) in 1993. Miss Yau was a member of Treasury Markets Association (2001) and was granted Chartered Financial Analyst (CFA) in 1999. She is currently a responsible officer at the New Investment Manager, mainly responsible for dealing functions in listed instruments and currency hedging.

Prior to joining the New Investment Manager, Miss Yau has been the head of dealing in INV Partners Limited since January 2012, where she supervised the dealing functions in relation to its investment management activity on collective investment scheme and segregated accounts under management. From 1997 to 2011, Miss Yau worked at the Royal Bank of Scotland (former known as Greenwich NatWest and Greenwich Capital Markets, Inc), where she was a director for financial institutions sales; a senior dealer in interest rates trading, and an assistant vice president (trading and quantitative analysis, proprietary trading). Miss Yau worked for Asia Financial (Assets Management) Limited, as the portfolio manager from 1996 to 1997. From 1994 to 1996, Miss Yau worked as the portfolio manager and quantitative analyst at Springfield Group International.

Investment decision making process

The investment decision making process of the New Investment Manager is as follows:

- (a) identifying, reviewing and evaluating investment and divestment opportunities for the Company and negotiating the best terms of such investment and divestment for the Company whenever the Investment Committee shall require;
- (b) considering and evaluating potential investments and rendering investment advice to the Investment Committee based upon such information as may reasonably be available to it and, in particular, assisting the Board in structuring acquisitions and disposals, submitting investment and divestment proposals to the Investment Committee upon request and making recommendations to the Investment Committee regarding potential investments and divestments for the Company identified by the New Investment Manager or the Investment Committee, and analyzing investment opportunities of the Company identified by the Investment Committee whenever the Investment Committee shall require;
- (c) carrying out reviews of the investment portfolio of the Company and its subsidiaries (if any) whenever the Board shall require and on a regular basis and reporting its analysis of the investment portfolio of the Company and its subsidiaries (if any) after such review; and

- (d) deciding all the investments including the related holding period and target price upon request which will need to be considered and approved by the Investment Committee. The Investment Committee may consider factors including, but not limited to, the related price/earning ratio, price-to-book ratio, liquidity, catalysts, EBITA, profit forecast and cash flow forecast. Once the investment recommendations have been approved by the Investment Committee, the Company will proceed with the investments and execute the trades.

Potential conflicts of interest and allocation of time and attention

In view of the potential conflicts of interest that may arise between the Company and the New Investment Manager in the course of business, the Company and the New Investment Manager have made a variety of arrangements to minimize any such potential conflicts. For instance, the New Investment Manager shall undertake that (i) it will not take up any new business opportunities other than providing investment management services to the Company; (ii) it will not provide any services to any other client, entity, person or any other third party regardless of whether such third party is a previous, existing or potential client, save as approved by the Company under the Investment Management Agreement; (iii) it will disclose to the Company before entering into any transaction with any potential conflict of interest involving the Company of which it is aware or which has been brought to its attention; and (iv) it will provide a written confirmation to the Company on an annual basis on its compliance with the above undertakings and obligations.

The New Investment Manager shall devote such time and effort to the Company's business as is necessary to promote the interests of the Company.

Lastly, the Board would like to take this opportunity to express its sincere gratitude to the Existing Investment Manager for its contributions to the Company during its tenure of services as the investment manager of the Company and also extend its warmest welcome to the New Investment Manager in joining the Company as the investment manager.

(II) APPOINTMENT OF DIRECTOR AND MEMBER OF INVESTMENT COMMITTEE

Miss Chan Mei Yan has been appointed as the Executive Director and a member of the Investment Committee with effect from 1 June 2020.

Biographical details of Miss Chan have been set out in more details under the paragraph headed "The New Investment Manager" above.

Miss Chan has entered into a service agreement with the Company for a term of one year with effect from 1 June 2020 subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the bye-laws of the Company. The appointment of Miss Chan can be terminated by either party by serving not less than one-month's written notice to the other party. Miss Chan is entitled to an annual remuneration of HK\$180,000 for her role as Executive Director, which is determined by reference to her past experience, duties and responsibilities and the prevailing market conditions.

As at the date of this announcement, Miss Chan does not have any interest in shares of the Company within the meaning of Part XV of the SFO). Miss Chan does not have any other relationships with any Directors, senior management or substantial Shareholders of the Company and, save as disclosed above, she has not held any directorship nor has she held any senior management positions in other listed public companies in the three years preceding the date of this announcement.

Potential Conflict of Interest

Since Miss Chan shall be an Executive Director and also a responsible officer of the New Investment Manager, potential conflict of interest may arise. The Company shall have two Executive Directors, including Miss Chan. When conflict situations happen, Miss Chan will abstain from voting on the investment decisions. Miss Chan is committed to follow A.6.3 of Fund Manager Code of Conduct issued by the SFC in November 2018 in relation to the confidentiality of the information of the Company. As Miss Chan is only responsible for bringing investment ideas to the Company and making investment decisions, but not other daily administrative functions, both the Company and Miss Chan consider she has enough time to perform her duties as an Executive Director.

Save as disclosed in this announcement, there is no further information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules, nor are there other matters relating to the appointment of Miss Chan that needs to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to welcome Miss Chan to join the Board.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set out below:

“Annual Cap(s)”	the proposed maximum aggregate amount of the fees payable to the New Investment Manager per annum under the New Investment Management Agreement, being HK\$1,620,000 per annum for the three years ending 31 March 2021, 2022 and 2023
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Youth Champ Financial Group Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules

“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive director(s) of the Company
“Existing Investment Management Agreement”	the investment management agreement and the subsequent amendment letter entered into between the Company and the Existing Investment Manager on 29 June 2018 and 22 February 2019 respectively, pursuant to which the Company has appointed the Existing Investment Manager as the investment manager to provide investment management services for a period of three years commencing on 1 July 2018
“Existing Investment Manager”	Avanta Investment Management Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 9 (asset management) regulated activities under the SFO
“HK\$” or “HK Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Non-executive Director(s)”	the independent non-executive director(s) of the Company
“Investment Committee”	the investment committee of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Investment Management Agreement”	the investment management agreement entered into between the Company and the New Investment Manager on 29 May 2020 in relation to the provision of non-discretionary investment management services by the New Investment Manager to the Company for a period of three years commencing from 1 June 2020
“New Investment Manager”	INV Advisory Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“PRC”	The People’s Republic of China
“REIT”	real estate investment trust
“SFC”	the Securities and Futures Commission

“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Notice”	the termination notice served by the Company on the Existing Investment Manager on 4 February 2020 in relation to the termination of the Existing Investment Management Agreement with effect from 1 June 2020
“%”	per cent.

By Order of the Board
Youth Champ Financial Group Holdings Limited
He Luling
Chairman

Hong Kong, 29 May 2020

As at the date of this announcement, the Board comprises Mr. Wang Kaizhen as executive director; Mr. He Luling (Chairman) as non-executive director; and Ms. Ma Yin Fan, Ms. Yan Yan and Mr. Xu Yanfa as independent non-executive directors.