

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



優創金融
YOUTH CHAMP FINANCIAL

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)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2021

The Board (the “Board”) of Directors (the “Directors”) of Youth Champ Financial Group Holdings Limited (the “Company”) is pleased to announce that the audited results of the Company for the year ended 31 March 2021 (the “Year”) together with the comparative figures for the year ended 31 March 2020 are as follows:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

| | NOTE | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------|------------------|------------------|
| NET INVESTMENT LOSS | 4 | (938) | (1,104) |
| OTHER INCOME | 5 | 381 | 41 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | (7,802) | (9,110) |
| LOSS FROM OPERATIONS | | (8,359) | (10,173) |
| FINANCE COSTS | 6(a) | (20) | (42) |
| LOSS BEFORE TAXATION | 6 | (8,379) | (10,215) |
| INCOME TAX | 7 | – | – |
| LOSS FOR THE YEAR | | (8,379) | (10,215) |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | | – | – |
| TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR | | (8,379) | (10,215) |
| LOSS AND TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR ATTRIBUTABLE TO: | | | |
| Equity shareholders of the Company | | (8,379) | (10,215) |
| LOSS PER SHARE | 8 | | |
| – Basic | | (HK\$0.05) | (HK\$0.06) |
| – Diluted | | (HK\$0.05) | (HK\$0.06) |

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

| | NOTE | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------|------------------|------------------|
| NON-CURRENT ASSETS | | | |
| Plant and equipment | | 18 | 37 |
| Right-of-use asset | | 83 | 673 |
| TOTAL NON-CURRENT ASSETS | | 101 | 710 |
| CURRENT ASSETS | | | |
| Financial asset at fair value through profit or loss | 9 | 432 | 1,370 |
| Deposits, prepayments and other receivables | | 438 | 456 |
| Cash and cash equivalents | | 1,327 | 4,105 |
| TOTAL CURRENT ASSETS | | 2,197 | 5,931 |
| CURRENT LIABILITIES | | | |
| Accruals and other payables | | 1,969 | 834 |
| Loans from an ultimate holding company | | 3,500 | – |
| Lease liability | | 52 | 599 |
| TOTAL CURRENT LIABILITIES | | 5,521 | 1,433 |
| NET CURRENT (LIABILITIES)/ASSETS | | (3,324) | 4,498 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | (3,223) | 5,208 |
| NON-CURRENT LIABILITY | | | |
| Lease liability | | – | 52 |
| TOTAL NON-CURRENT LIABILITY | | – | 52 |
| NET (LIABILITIES)/ASSETS | | (3,223) | 5,156 |
| CAPITAL AND RESERVES | | | |
| Share capital | | 17,280 | 17,280 |
| Reserves | | (20,503) | (12,124) |
| (CAPITAL DEFICIENCY)/TOTAL EQUITY | | (3,223) | 5,156 |
| NET (LIABILITY)/ASSET VALUE PER SHARE | | (HK\$0.02) | HK\$0.03 |

NOTES:

1. GENERAL INFORMATION

Youth Champ Financial Group Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda on 15 April 2003 as an exempted company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is Unit 503, 5/F., Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Kowloon, Hong Kong.

The Company is principally engaged in investments in listed and unlisted enterprises.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Company are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 2(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and 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 the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) **Going concern basis**

The Company incurred a net loss of approximately HK\$8,379,000 and net operating cash outflows of approximately HK\$5,689,000 for the year ended 31 March 2021 and as of that date, the Company had net liabilities of approximately HK\$3,223,000.

In preparing the financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Company in light of the Company's net liabilities of approximately HK\$3,223,000 as at 31 March 2021. As at 31 March 2021, the Company has unutilised loan amount of HK\$9,000,000 under the loan agreements with Renown Future Limited (“**Renown Future**”), a controlling shareholder of the Company. In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Company and its available sources of financing in assessing whether the Company will be able to finance its future working capital and financial requirements. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

- (i) The directors of the Company are considering various alternatives to strengthen the capital base of the Company through fund raising exercise, including but not limited to, a private placement, an open offer or right issue of new shares of the Company.
- (ii) The directors of the Company continue to take action to tighten cost controls over various general and administrative expenses and are seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.
- (iii) Renown Future has undertaken to the Company to provide continuing financial support to the Company so as to enable the Company to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Company.
- (iv) Subsequent to 31 March 2021, the Company has entered into loan extension agreements with Renown Future to extend the repayment date of the existing borrowings with a total principal amount of HK\$3,500,000 as at 31 March 2021 to at least twelve months from the date of these financial statements.

Having considered the future liquidity and performance of the Company and its available sources of financing, the directors are satisfied that the Company will have sufficient working capital for its present requirements for the foreseeable future. On this basis, the financial statements have been prepared on a going concern basis. Should the Company be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

(d) **Changes in accounting policies**

The HKICPA has issued a number of amendments of HKFRSs that are first effective for the current accounting period of the Company.

None of these developments have had a material effect on how the Company's results and financial position for the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

The Company is principally engaged in investments in listed and unlisted enterprises.

No segment information is presented in respect of the Company's business and geographical segments as all of the income, contribution to operating results, assets and liabilities of the Company are attributable to investment activities, which are carried out or originated principally in Hong Kong.

4. NET INVESTMENT LOSS

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Net unrealised fair value change of financial asset at fair value through profit or loss | <u>(938)</u> | <u>(1,104)</u> |

5. OTHER INCOME

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Bank interest income | – | 48 |
| Government grants (<i>Note</i>) | 136 | – |
| Net exchange loss | (3) | (33) |
| Net loss on disposal of plant and equipment | (3) | (2) |
| Sundry income | <u>251</u> | <u>28</u> |
| | <u>381</u> | <u>41</u> |

Note: During the year ended 31 March 2021, the Company successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Company is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| (a) Finance costs | | |
| Interest on lease liability | <u>20</u> | <u>42</u> |
| (b) Staff costs (including directors' emoluments) | | |
| Salaries and other benefits | 3,083 | 3,881 |
| Mandatory provident fund contributions | <u>36</u> | <u>36</u> |
| | <u>3,119</u> | <u>3,917</u> |
| (c) Other items | | |
| Depreciation charge | | |
| – owned plant and equipment | 18 | 26 |
| – right-of-use asset | 558 | 497 |
| Auditors' remuneration | | |
| – audit services | 300 | 290 |
| Investment manager fees | 1,483 | 800 |
| Legal and professional fees | <u>1,362</u> | <u>1,771</u> |

7. INCOME TAX

- (a) No provision for Hong Kong Profits Tax has been made in these financial statements as the Company has no estimated assessable profits derived from its operation in Hong Kong during the year (2020: Nil).
- (b) No provision for overseas tax has been made in these financial statements as the Company has no profit derived from overseas.

- (c) Reconciliation between tax expense and accounting loss at applicable tax rate:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss before taxation | <u>(8,379)</u> | <u>(10,215)</u> |
| Notional tax on loss before taxation, calculated at the applicable rate of 16.5% (2020: 16.5%) | (1,382) | (1,686) |
| Tax effect of non-taxable income | (64) | (13) |
| Tax effect of non-deductible expenses | 1,443 | 299 |
| Tax effect of temporary difference not recognised | 3 | 6 |
| Tax effect of unused tax losses not recognised | <u>–</u> | <u>1,394</u> |
| Actual tax expense | <u>–</u> | <u>–</u> |

- (d) At 31 March 2021, the Company has not recognised deferred tax assets in respect of cumulative tax losses of HK\$52,581,011 (2020: approximately HK\$61,024,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction. The tax losses are not expired under current tax legislation and subject to the final assessment by the tax authority in respect of jurisdiction where the tax losses arising from.

The Company had no other significant potential deferred tax assets and liabilities for the years ended 31 March 2021 and 2020 and at 31 March 2021 and 2020.

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per ordinary share is based on the loss attributable to ordinary equity shareholders of the Company of approximately HK\$8,379,000 (2020: approximately HK\$10,215,000) and the weighted average of 172,800,000 ordinary shares (2020: 172,800,000 ordinary shares) in issue during the year ended 31 March 2021.

(b) Diluted loss per share

There were no dilutive potential ordinary shares during the years ended 31 March 2021 and 2020, and therefore diluted loss per share is the same as the basic loss per share.

9. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Unlisted fund investment (trading and investment security) – at fair value | | |
| Unlisted partnership investment | <u>432</u> | <u>1,370</u> |

10. DIVIDEND

The Directors do not propose any dividend for the year ended 31 March 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

For the year ended 31 March 2021, the Company recorded a loss for the year of approximately HK\$8,379,000 (2020: loss of approximately HK\$10,215,000), representing a decrease in loss for the year of approximately HK\$1,836,000 as compared with the year ended 31 March 2020. Net investment loss of approximately HK\$938,000 was recognized this year as compared with the net investment loss of approximately HK\$1,104,000 recorded last year. The net investment loss was mainly due to the unrealized fair value changes of the financial asset at fair value through profit or loss. The general and administrative expenses for the Year amounted to approximately HK\$7,802,000, representing a decrease of approximately HK\$1,308,000 as compared with last year. The decrease was mainly due to lower staff costs and legal and professional fees incurred.

BUSINESS REVIEW AND PROSPECTS

In June 2020, the Company engaged a new investment manager, INV Advisory Limited, to manage the investment portfolio of the Company. During the Year, we focused on managing the existing investment of the Company and made no new investment.

In the first quarter of 2021, Hong Kong's economy recovered remarkably thanks to the very strong growth of exports of goods as well as a significant rebound in global demand. Real Gross Domestic Product (GDP) appreciated and resulted a year-on-year growth of 7.9%, ending six consecutive quarters of contraction. Recovery in the global economy continued led by the strong economic performance of the Mainland and the US. Many economies in Asia improved further amid vibrant regional production and trading activities.

Low interest rate environment in the region continued, as the US maintained the target range for the Federal Funds Rate unchanged at the record low level of 0.00-0.25%. Hong Kong dollar interbank interest rates and interest rates on the retail front stayed at low levels. On the other hand, the local stock market showed some volatility. The Hang Seng Index (HSI) retreated to 28,801 on 18 June as market sentiment became cautious on rising inflation expectations in the US and concerns over possible monetary tightening in the Mainland. While the market hoped for a sustained global economic recovery with the rollout of mass COVID-19 vaccination programmes in many economies, rising inflation expectations in the US and concerns over possible monetary tightening in the Mainland retreated investments.

In the coming financial year, we will actively raise capital for our investment management purpose. Focus would be made on post-vaccine recovery and underperformed investment opportunities. We shall cautiously examine the possibility of US interest rate increase and adjust our investment strategy accordingly.

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2021, the Company held the following investment:

CMHJ Technology Fund II, L.P (“CMHJ”)

CMHJ is an exempted limited partnership registered in the Cayman Islands on 28 September 2005 and has been registered under the Private Funds Act of the Cayman Islands on 7 August 2020. The principal activity of CMHJ is to make venture capital investments, principally by investing in and holding equity and equity-oriented securities of privately-held early stage to pre-initial public offering companies in the technology-enable services and products industries with substantial markets and/or operations (planned or existing) in Mainland China.

As at 31 March 2021, based on the valuation performed by an independent valuer, the fair value of the 2.84% equity interests in CMHJ held by the Company amounted to approximately HK\$432,000 which represented approximately 18.8% of the total assets of the Company. Unrealised investment loss arising from change in fair value of the CMHJ equity interests held by the Company of approximately HK\$938,000 was recognized by the Company during the Year. No dividend was received from CMHJ during the Year.

Save as disclosed above, the Company did not hold any other significant investment with a value greater than 5% of the Company’s gross assets as at 31 March 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Company did not have any acquisitions and disposals of subsidiaries and associates during the Year.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

The Company had not executed any agreement in respect of material investment or capital asset and did not have any other plans relating to material investment or capital asset as at the date of this announcement. Nonetheless, if any potential investment opportunity arises in the coming future, the Company will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Company and the Shareholders as a whole.

CHANGE OF INVESTMENT MANAGER

During the Year, the Company has changed its investment manager and entered into a new investment management agreement with INV Advisory Limited, pursuant to which INV Advisory Limited has agreed to provide non-discretionary investment management services to the Company for an initial period of three years commencing from 1 June 2020. Particulars of the new investment management agreement were disclosed in the announcement of the Company dated 29 May 2020.

LOANS FROM A CONTROLLING SHAREHOLDER

In October and November 2020, the Company entered into two loan agreements with Renown Future, pursuant to which Renown Future agreed to provide two loans to the Company in the principal amount of up to HK\$2,500,000 and HK\$10,000,000 respectively. The loans did not bear interest and were repayable within one year. As at 31 March 2021, HK\$3,500,000 has been drawn and used as working capital of the Company and the Company has unutilised loan amount of HK\$9,000,000 under the loan agreements with Renown Future.

Subsequent to 31 March 2021, the Company has entered into loan extension agreements with Renown Future to extend the maturity dates of these loans to 31 December 2022. The drawdown period of the HK\$9,000,000 unutilised amount of the second loan has also been extended to 31 December 2022. The first loan of principal amount of HK\$2,500,000 shall carry interest at Hong Kong Interbank Offered Rate for the interest period of 12 months after the extension of the loan maturity with effect from 29 April 2021. Save as disclosed above, the other terms and conditions of the loan agreements remained unchanged.

DIVIDEND

The Directors do not recommend the payment of a dividend for the Year (2020: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Company had cash and bank balances of approximately HK\$1,327,000 (2020: HK\$4,105,000). The Company had loans from a controlling shareholder of HK\$3,500,000 as at 31 March 2021 (2020: nil) which were repayable within one year (subject to the extension as specified in the section “Loans from a Controlling Shareholder” above). The gearing ratio of the Company as at 31 March 2021 was approximately 1.5 which was calculated based on the Company’s total borrowings to total assets.

In preparing the financial statements, the Directors have given careful consideration to the future liquidity of the Company in light of the Company’s net liabilities of approximately HK\$3,223,000 and net current liabilities of approximately HK\$3,324,000 as at 31 March 2021.

Certain measures have been and are being taken by the Board to manage the Company’s liquidity needs and to improve its financial position which include, but are not limited to, the following:

- (i) The Directors are considering various alternatives to strengthen the capital base of the Company through fund raising exercise, including but not limited to, a private placement, an open offer or right issue of new shares of the Company.
- (ii) The Directors continue to take action to tighten cost controls over various general and administrative expenses and are seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.
- (iii) Renown Future has undertaken to the Company to provide continuing financial support to the Company so as to enable the Company to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Company.
- (iv) Subsequent to 31 March 2021, the Company has entered into loan extension agreements (as specified in the section “Loans from a Controlling Shareholder” above) with Renown Future to extend the repayment date of the existing borrowings with a total principal amount of HK\$3,500,000 as at 31 March 2021 to at least twelve months from the date of these financial statements.

The Directors have carried out a detailed review of the cash flow forecast of the Company for the next twelve months from the date of these financial statements taking into account the above-mentioned plans and measures. Having considered the future liquidity and performance of the Company and its available sources of financing, the Directors are satisfied that the Company will have sufficient working capital for its present requirements for the foreseeable future.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company held assets and liabilities denominated in Hong Kong Dollars (“**HKD**”) and US Dollars (“**USD**”). The Company’s cash and cash equivalents were denominated in HKD and USD. Accordingly, it is subjected to limited exposure of foreign exchange fluctuation. As it is the Company’s policy to maintain relatively minimal exposure to foreign exchange risks, the Company had not used any derivatives and other instruments for currency exchange hedging purposes.

CHARGE ON COMPANY’S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2021, there was no charge on the Company’s assets or any significant contingent liabilities (2020: Nil).

COMMITMENTS

The Company had no capital commitment as at 31 March 2021 (2020: Nil).

CAPITAL STRUCTURE

As at 31 March 2021, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000 (2020: 172,800,000).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Company had 4 employees (2020:4), including the executive Director. The remuneration paid to the employees of the Company, including the executive Director, during the Year amounted to approximately HK\$2,700,000 (2020: HK\$3,310,000).

The Company’s remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of the individual employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Company did not purchase, sell or redeem any of its shares during the Year (2020: Nil).

CORPORATE GOVERNANCE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Company and the Shareholders. The Company has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company’s code of corporate governance practices. During the Year, the Company has complied with the code provisions under the CG Code, save and except Code Provision A.6.7, as set out below.

Pursuant to Code Provision A.6.7 of the CG Code, independent non-executive directors and non-executive directors, as equal board members, should attend general meeting of the Company. During the Year, Mr. He Luling, Ms. Yan Yan and Mr. Xu Yanfa were unable to attend the annual general meeting of the Company held on 27 August 2020 as they had other business engagements.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Company’s statement of financial position, statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in this results announcement have been agreed by the Company’s auditors, Crowe (HK) CPA Limited, to the amounts set out in the Company’s audited financial statements for the Year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited, on this results announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The section below sets out an extract of the independent auditor’s report on the Company’s financial statements for the year ended 31 March 2021.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(c) to the financial statements which indicate that the Company incurred a net loss of approximately HK\$8,379,000 and net operating cash outflows of approximately HK\$5,689,000 for the year ended 31 March 2021 and, as of that date, the Company is in net liabilities position of HK\$3,223,000. These conditions, along with other matters as set forth in Note 2(c) to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The directors, having considered the measures being taken by the Company, are of the opinion that the Company would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

AUDIT COMMITTEE

The Audit Committee, comprising three independent non-executive Directors and one non-executive Director, has reviewed with the management of the Company the accounting principles and practices adopted by the Company and discussed the auditing, internal control, risk management and financial reporting matters.

The Audit Committee has reviewed the Company's audited financial statements for the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") set out in Appendix 10 to the Listing Rules regarding securities transactions by Directors. Having made specific enquiries to all Directors, the Directors confirmed that they had complied with the required standards laid down in the Model Code throughout the Year.

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

Tianjin, the PRC, 29 June 2021

As at the date of this announcement, the Board comprises Ms. Chan Mei Yan 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.