

優創金融集團控股有限公司

YOUTH CHAMP FINANCIAL GROUP HOLDINGS LIMITED

(formerly known as Grand Investment International Ltd. 大唐投資國際有限公司*)

(incorporated in Bermuda with limited liability)

Stock Code: 1160

ANNUAL REPORT 2018/19



* for identification purpose only

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Kaizhen

(appointed on 1 October 2018)

Ms. Lee Wai Tsang, Rosa

(resigned on 1 October 2018)

Non-Executive Directors

Mr. He Luling *(Chairman)*

Mr. Dong Licheng

(appointed on 8 May 2019)

Independent Non-Executive Directors

Ms. Ma Yin Fan

Ms. Yan Yan

Mr. Xu Yanfa

COMPANY SECRETARY

Ms. Leung So Sze

AUDIT COMMITTEE

Ms. Ma Yin Fan

Mr. He Luling

Ms. Yan Yan

Mr. Xu Yanfa

REMUNERATION COMMITTEE

Ms. Yan Yan

Mr. He Luling

Ms. Ma Yin Fan

Mr. Xu Yanfa

NOMINATION COMMITTEE

Mr. He Luling

Ms. Ma Yin Fan

Ms. Yan Yan

Mr. Xu Yanfa

INVESTMENT MANAGER

Evergrande Securities (Hong Kong) Limited

(ceased to provide service from 1 July 2018)

A3, 32/F, United Centre

No. 95 Queensway, Hong Kong

Avanta Investment Management Limited

(commenced providing service from 1 July 2018)

Unit D, 23/F, United Centre

No. 95 Queensway, Hong Kong

CUSTODIAN

DBS Bank Ltd., Hong Kong Branch

18/F, The Center,

99 Queen's Road Central

Hong Kong

AUDITORS

Crowe (HK) CPA Limited

9/F., Leighton Centre,

77 Leighton Road,

Causeway Bay, Hong Kong

PRINCIPAL BANKER

OCBC Wing Hang Bank Limited

161 Queen's Road Central

Hong Kong

Corporate Information

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 503, 5/F, Greenfield Tower,
Concordia Plaza,
1 Science Museum Road, Kowloon,
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road
North Point
Hong Kong

LEGAL ADVISERS TO THE COMPANY As to Hong Kong law:

Zhong Lun Law Firm
409 Jardine House,
1 Connaught Place, Central,
Hong Kong

As to Bermuda law:

Conyers Dill & Pearman
2901, One Exchange Square
8 Connaught Place, Central
Hong Kong

WEBSITE

<http://www.irasia.com/listco/hk/youthchamp>

Management Discussion and Analysis

OPERATING RESULTS

For the year ended 31 March 2019 (the “Year”), the Company recorded a loss for the year of approximately HK\$9,418,000 (2018: loss of approximately HK\$10,438,000), representing a decrease in loss for the year of approximately HK\$1,020,000 as compared with the year ended 31 March 2018. Net investment loss of approximately HK\$137,000 was recognized this year in respect of the financial assets at fair value through profit or loss while in last year, there were loss on disposal of available-for-sale investment of approximately HK\$1,558,000 and impairment loss on available-for-sale investment of approximately HK\$527,000. The general and administrative expenses for the Year amounted to approximately HK\$9,429,000, representing an increase of HK\$1,061,000 as compared with last year. The increase was mainly due to the higher staff costs incurred.

BUSINESS REVIEW

The Company continued to carry on the investment management business and monitored our existing portfolio. We have also grasped the divestment opportunities for some of our investment portfolio. During the Year, the Company has completed the disposal of the unlisted equity interests in Tianjin Yishang Friendship Holdings Co., Ltd. (“Tianjin Yishang”). Details of the disposal are set out in the “Completion Of The TJYS Disposal” section below. The Company has also disposed of the unlisted equity interests in Joyport Holdings Limited (“Joyport”) held by the Company during the Year. Details of the disposal of the investment in Joyport are set out in the “Disposal Of Financial Assets At Fair Value Through Profit Or Loss” section below.

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2019, the Company held the following investment:

CMHJ Technology Fund II, L.P (“CMHJ”)

CMHJ is a limited partnership registered pursuant to the Exempted Limited Partnership Law of the Cayman Islands on 28 September 2005. 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-IPO companies in the technology-enabled services and products industries with markets and/or operations in the PRC.

During the Year, approximately HK\$2,200,000 capital investment has been returned to the Company from CMHJ. As at 31 March 2019, 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\$2,474,000 which represented approximately 16.1% of the net assets of the Company. Net change in fair value of the CMHJ equity interests held by the Company of approximately HK\$740,000 was recognized by the Company 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 2019.

Management Discussion and Analysis

DISPOSAL OF FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

On 5 December 2018, the Company entered into a settlement agreement (the “Settlement Agreement”) with Joyport Holdings Limited (“Joyport”) and other shareholders of Joyport for the redemption of Joyport’s Preferred Shares. Pursuant to the Settlement Agreement, Joyport redeemed all the 1,231,600 Series B Preferred Shares of Joyport held by the Company. The redemption price consists of the cash portion of RMB150,000 already received by the Company in December 2018 and the delayed portion to be received by the Company over the next three to five years. The amount of the delayed portion may vary based on the calculation methods stipulated in the Settlement Agreement and depending on factors including Joyport’s revenue and available funds. Having considered the valuation performed by an independent valuer for the delayed portion of the redemption price, the financial position of Joyport and the recoverability of the delayed portion, the Company considered the fair value of contingent consideration receivable (i.e. the delayed portion of the redemption price) to be insignificant and there was no significant impact on the Company’s financial statements. Approximately HK\$877,000 net realized loss from disposal of the Joyport equity interests held by the Company was recognized during the year. Immediately upon completion of the redemption of the Series B Preferred Shares held by the Company, the Company ceased to have any equity interest in Joyport.

COMPLETION OF THE TJYS DISPOSAL

On 1 December 2017, the Company entered into a conditional share transfer agreement (the “TJYS Share Transfer Agreement”) with an independent third party (the “Purchaser”) to dispose of 8,711,964 shares, representing approximately 3.955% of the entire equity interest in 天津一商友誼股份有限公司 (Tianjin Yishang Friendship Holdings Company Ltd.*) (“Tianjin Yishang”) held by the Company (the “Sale Interest”) at a cash consideration of HK\$15,000,000. The disposal of the Sale Interest (the “TJYS Disposal”) constituted a very substantial disposal for the Company under the Listing Rules. A special general meeting of the Company was held on 15 February 2018 in which the TJYS Disposal was approved by the Shareholders. On 29 March 2018, the Company and the Purchaser mutually agreed to extend the long stop date of the TJYS Share Transfer Agreement from 31 March 2018 to 31 May 2018 as additional time was required for the fulfilment of the Conditions precedent to completion of the TJYS Disposal. The completion of the TJYS Disposal took place on 28 May 2018 and no realised gain or loss from disposal of the equity interest in Tianjin Yishang held by the Company was recognised during the Year. Immediately upon completion of the TJYS Disposal, the Company ceased to have any equity interest in Tianjin Yishang. Details of the TJYS Disposal were disclosed in the announcements of the Company dated 4 December 2017, 30 January 2018, 15 February 2018, 3 April 2018 and 28 May 2018.

* for identification purpose only

Management Discussion and Analysis

CONTINUING CONNECTED TRANSACTIONS – CHANGE OF INVESTMENT MANAGER

The Company entered into a new investment management agreement (the “Investment Management Agreement”) with the new investment manager (the “Investment Manager”) on 29 June 2018, pursuant to which the Investment Manager has agreed to provide non-discretionary investment management services to the Company for a period of three years starting from 1 July 2018. The Investment Manager is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules. Accordingly the provision of non-discretionary investment management services by the Investment Manager to the Company under the Investment Management Agreement constitutes continuing connected transactions of the Company. The maximum aggregated fee payable by the Company to the Investment Manager under the Investment Management Agreement will not exceed HK\$800,000 per annum. As the relevant percentage ratios for the transactions contemplated under the 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 transaction contemplated under the Investment Management Agreement are subject to reporting and announcement requirements but are exempted from independent shareholders’ approval requirement pursuant to Rule 14A.76 of the Listing Rules.

PROSPECTS

Given the escalating trade dispute between China and the United States and China’s slowdown in economic growth, the investment market is expected to be volatile and remains challenging in the foreseeable future. The Company will continue to adopt a cautious approach and look for investment opportunities with sustainable business model and good potential mainly in China and Hong Kong.

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 report. Nonetheless, of 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.

EVENTS AFTER THE REPORTING PERIOD

Appointment of Non-executive Director

Mr. Dong Licheng was appointed as a non-executive Director of the Company with effect from 8 May 2019. Details of the appointment of non-executive Director were disclosed in the announcement of the Company dated 8 May 2019.

Change of Company Name

Following the passing of the special resolution for the change of Company name at the special general meeting of the Company held on 24 April 2019, the Registrar of Companies in Bermuda has approved the registration of the new name of the Company on 26 April 2019 and a Certificate of Incorporation on Change of Name and a Certificate of Secondary Name were issued on 21 May 2019. The English name of the Company has been changed from “Grand Investment International Ltd” to “Youth Champ Financial Group Holdings Limited” and the Chinese name of “優創金融集團控股有限公司” has been adopted and registered as the secondary name of the Company on 26 April 2019. A Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 12 June 2019.

Management Discussion and Analysis

DIVIDEND

The Directors did not recommend the payment of a dividend for the Year (2018: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2019, the Company had bank balances of approximately HK\$12,848,000 (2018: HK12,639,000).

The Board believes that the Company has sufficient financial resources to meet its immediate investment and working capital requirements. There was no long term borrowing and calculation of gearing ratio was not applicable (2018: N/A). For more details on the Company's financial risks management policies, please refer to note 25 to the financial statements.

As at 31 March 2019, the Company had net assets of approximately HK\$15,371,000 (2018: HK\$19,750,000).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company held assets and liabilities denominated in Hong Kong Dollars ("HKD"), Renminbi ("RMB") 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 2019, there was no charge on the Company's assets or any significant contingent liabilities (2018: Nil).

COMMITMENTS

The Company had no capital commitments as at 31 March 2019 (2018: Nil).

CAPITAL STRUCTURE

As at 31 March 2019, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000 (2018: 172,800,000).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Company had 5 employees (2018: 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\$3,963,000 (2018: HK\$2,813,000).

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.

Corporate Governance Report

The Company is committed to the practice and high standards of corporate governance with a view to enhancing transparency, accountability and protecting the interest of the stakeholders.

During the year ended 31 March 2019 and up to the date of this report, the Company complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

BOARD OF DIRECTORS

Composition

As at 31 March 2019, the board (the “Board”) of directors (the “Directors”) of the Company comprises five directors of the Company, of which one is executive Director, namely Mr. Wang Kaizhen, one is non-executive Director, namely Mr. He Luling (Chairman), and three are independent non-executive Directors (“INEDs”), namely Ms. Ma Yin Fan, Ms. Yan Yan and Mr. Xu Yanfa. Biographical details of each Director are set out on pages 21 to 22 of this Annual Report. All INEDs have complied with the provisions set out in Rule 3.13 of the Listing Rules. The Board is satisfied that the independence of INEDs up to the date of this report is in accordance with the Listing Rules.

Nomination Policy of Directors

The Company has adopted a nomination policy of Directors (the “Nomination Policy”) which sets out the criteria and process in the nomination and appointment of Directors of the Company in order to nominate suitable candidates to the Board.

Pursuant to the Nomination Policy, the Company considers a number of criteria in evaluating and selecting candidates for directorships, including but not limited to (i) character and integrity; (ii) qualifications including professional qualifications; (iii) willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments; (iv) requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules; (v) board diversity policy of the Company and any measurable objectives adopted by the Board for achieving diversity on the Board knowledge and experience that are relevant to the Company’s business and corporate strategy; and (vi) other perspectives appropriate to the Company’s business.

The nomination committee (the “Nomination Committee”) and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable. For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of Director at the general meeting.

The Nomination Committee will review the Nomination Policy periodically to ensure its continued effectiveness.

Corporate Governance Report

Responsibilities of Directors

The Board is accountable to the shareholders of the Company (the “Shareholders”) for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its businesses by directing and supervising the Company’s affairs. The Board is responsible for development of strategies and monitoring business performance of the Company. It has formalised the functions reserved to the Board to achieve a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to the executive Director and senior management to deal with day-to-day operations and reviewed those arrangements on a periodic basis. Every Director is kept informed of his/her responsibilities as a director of the Company under the laws of Hong Kong and the Listing Rules and of the conduct, business activities and development of the Company. All Directors have access to the advice and relevant information from the company secretary of the Company (the “Company Secretary”) to ensure that procedures of the Board functions and all applicable rules and regulations are followed. All INEDs also have independent access to the executive Director in respects of operating issues.

The Board is responsible for approving and implementing all the investment/divestment decisions and formulating the Company’s overall investment strategies and guidelines in accordance with the investment objective and policies of the Company. The Investment Manager is appointed to provide investment management services to the Company. The Investment Manager is responsible for, inter alia, identifying, reviewing and evaluating suitable investment or divestment opportunities, assisting the Board in the execution of investment and divestment decisions and the monitoring of the investments of the Company. The Investment Manager will carry out reviews of the investment portfolio of the Company whenever the Board shall require and report its analysis to the Board.

A Director’s handbook (the “Handbook”) setting out the guidelines on the conduct which directors of a listed company should follow is issued to every Director. The Handbook also outlines the regulatory requirements of disclosing any relevant personal interest, change in personal particulars and potential conflict of interest to the Company and regulatory bodies including the Stock Exchange in a timely manner.

Directors are provided with complete, adequate explanation and information to enable them to make an informed decision or assessment of the Company’s performance, position and prospects and to discharge their duties and responsibilities on a timely basis. The Directors, to properly discharge their duties, are given access to independent professional advisers, when necessary, at the expense of the Company.

Relationship between Board Members

There is no relationship (including financial, business, family or other material relationship) between the Board members.

Corporate Governance Report

Board and general meetings

The Board meets regularly and at least four Board meetings are scheduled annually. Ad-hoc meetings are convened when it considers necessary. Sufficient notice is served to all Directors before the Board meetings. All Directors are entitled to have access to Board papers and related materials at a reasonable time before the intended date of a Board or Board committee meeting unless there are restrictions on disclosure due to legal and regulatory requirements or other justifiable grounds.

Upon convening a Board meeting, drafts of agenda and relevant documents are sent to Directors for review and comment. The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Such minutes are recorded in details for the matters considered by the participants of such meetings and decisions reached, including concerns raised by Directors and/or dissenting views expressed. The meeting minutes are circulated to relevant Directors or committee members within reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings and are open for inspection at any reasonable time on reasonable notice by any Director. According to the current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. Individual is required to disclose the conflict of interest and will abstain from voting on such matter in the final deliberation or decision.

The Board held four meetings in the Year. The following is the attendance record of the Board meetings:

Name of Directors	No. of Meetings Attended/Held	Attendance Rate
<i>Executive Directors</i>		
Mr. Wang Kaizhen (<i>appointed on 1 October 2018</i>)	2/2	100%
Ms. Lee Wai Tsang Rosa (<i>resigned on 1 October 2018</i>)	1/2	50%
<i>Non-Executive Directors</i>		
Mr. He Luling (<i>Chairman</i>)	4/4	100%
Mr. Dong Licheng (<i>appointed on 8 May 2019</i>)	N/A	N/A
<i>Independent Non-Executive Directors</i>		
Ms. Ma Yin Fan	4/4	100%
Ms. Yan Yan	4/4	100%
Mr. Xu Yanfa	4/4	100%

Corporate Governance Report

The Company held its annual general meeting for the year ended 31 March 2018 (the “2018 AGM”) on 15 August 2018 and no further general meetings was held by the Company during the Year. Mr. He Luling (the chairman of the Board) hosted the 2018 AGM to ensure effective communication with the Shareholders. The following is the Directors’ attendance record of the 2018 AGM:

Name of Directors	No. of AGM Attended/Held	Attendance Rate
<i>Executive Directors</i>		
Mr. Wang Kaizhen (<i>appointed on 1 October 2018</i>)	N/A	N/A
Ms. Lee Wai Tsang, Rosa (<i>resigned on 1 October 2018</i>)	1/1	100%
<i>Non-Executive Directors</i>		
Mr. He Luling (<i>Chairman</i>)	1/1	100%
Mr. Dong Licheng (<i>appointed on 8 May 2019</i>)	N/A	N/A
<i>Independent Non-Executive Directors</i>		
Ms. Ma Yin Fan	1/1	100%
Ms. Yan Yan	1/1	100%
Mr. Xu Yanfa	1/1	100%

CORPORATE GOVERNANCE

The Directors are fully indemnified against costs, charges, losses, expenses and liabilities that may be incurred by them during the course of execution and discharge of their duties or any matters in relation thereto. A Directors and Officers Liability Insurance policy for providing such indemnity has been arranged.

The INEDs have the same duties of care and skill and fiduciary duties as the executive Director. The functions of INEDs include, but not limited to:

- participating in Board meetings to bring an independent judgment to bear on issues of corporate strategy, corporate performance, accountability, resources, key appointments and standard of conducts;
- taking the lead where potential conflicts of interests arise;
- serving and active participating on committees, if invited;
- attending general meetings of the Company and developing a balanced understanding of the views of shareholders; and
- scrutinizing the Company’s performance in achieving agreed corporate goals and objectives and monitoring the reporting of performance.

Corporate Governance Report

The Board is also responsible for performing and had performed, during the Year, the corporate governance functions and duties of the Company to ensure compliance with the Listing Rules including:

1. formulating, developing and reviewing the Company's policies and practices on corporate governance;
2. reviewing the Director's Handbook distributed to the directors and monitoring the adequacy of the training and continuous professional development of the Directors; and
3. reviewing the Company's compliance with the Listing Rules and disclosure in this corporate governance report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare financial statements of the Company for each financial period which give a true and fair view of the state of affairs of the Company and that the financial statements are prepared in accordance with the statutory and regulatory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Company. The Directors confirm that, to the best of their knowledge and, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable futures and have prepared the financial statements on a going concern accordingly.

AUDIT COMMITTEE

The Company has established with written terms of reference an Audit Committee whose members are Mr. He Luling, being a non-executive Director, Ms. Ma Yin Fan, Ms. Yan Yan and Mr. Xu Yanfa, all being INEDs. Ms. Ma Yin Fan is the chairman of the Audit Committee. The terms of reference of the Audit Committee are consistent with the relevant provisions of the CG Code. The duties of the Audit Committee include reviewing all matters relating to the scope of audit, such as the financial statements, and providing supervision over the Company's financial reporting procedures and internal control system and risk management systems.

The Audit Committee held two meetings in the Year. The following is the attendance record of the meetings held by the Audit Committee for the Year:

Name of Committee Members	No. of	Attendance
	Meetings	Rate
	Attended/Held	
Ms. Ma Yin Fan (<i>Chairman</i>)	2/2	100%
Mr. He Luling	2/2	100%
Ms. Yan Yan	2/2	100%
Mr. Xu Yanfa	2/2	100%

Corporate Governance Report

The duties performed by the Audit Committee during the Year are set out below:

1. reviewing and approving financial statements and auditors' reports regarding the Company's annual and interim results for the Board's approval;
2. approved Crowe (HK) CPA Limited as the auditors of the Company and the corresponding audit plan;
3. reviewing with the management and considering the accounting policies and practices adopted by the Company;
4. reviewing with the management the auditing, internal control and financial reporting matters of the Company; and
5. reviewing the work of the external auditors of the Company, evaluating their performance, and making recommendation as to their appointment.

On 20 June 2019, after thorough review, discussion and consideration by the Audit Committee, the Audit Committee recommended to the Board:

1. to approve the audited financial statements for the Year together with the Report of the Directors and the Independent Auditors' Report before the announcement of the Company's annual results; and
2. to propose in the forthcoming annual general meeting for re-appointing Crowe (HK) CPA Limited ("Auditors") as Auditors of the Company for the ensuing year and to hold office until conclusion of the annual general meeting for the year ending 31 March 2020 at a fee to be agreed with the Directors.

The Audit Committee does not include a former partner of the existing Auditors of the Company.

The Audit Committee has been provided with sufficient resources to discharge its responsibilities. The Audit Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.

REMUNERATION COMMITTEE

The Company has set up with written terms of reference a Remuneration Committee whose members are Mr. He Luling, being a non-executive Director, and Ms. Ma Yin Fan, Ms. Yan Yan, and Mr. Xu Yanfa, all being INEDs. Ms. Yan Yan is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are consistent with relevant provisions of the CG Code.

The major role and functions of the Remuneration Committee are to formulate, review and deliberate on the remuneration policy and related matters of the Company. The Company's remuneration policy is in line with the prevailing market practices and is determined primarily on the basis of performance and experience of each Director.

Corporate Governance Report

The Remuneration Committee held two meetings in the Year. The following is the attendance record of the meeting held by the Remuneration Committee for the Year:

Name of Committee Members	No. of Meetings Attended/Held	Attendance Rate
Ms. Yan Yan (<i>Chairman</i>)	2/2	100%
Mr. He Luling	2/2	100%
Ms. Ma Yin Fan	2/2	100%
Mr. Xu Yanfa	2/2	100%

During the Year, the Remuneration Committee has, amongst others things, made recommendations to the Board regarding the Company's remuneration policy and for the formulation and review of the specific remuneration package of all Directors and senior management of the Company.

NOMINATION COMMITTEE

The Company has set up with written terms of reference a Nomination Committee whose members are Mr. He Luling, being a non-executive Director, Ms. Ma Yin Fan, Ms. Yan Yan and Mr. Xu Yanfa all being INEDs. Mr. He Luling is the chairman of the Nomination Committee. The Nomination Committee is responsible for dealing with matters of appointment, retirement and re-election of the Directors. The Company's nomination policy is in line with the prevailing market practices and is determined primarily on the basis of performance and experience of each Director.

The Nomination Committee held one meeting in the Year. The following is the attendance record of the meeting held by the Nomination Committee for the Year:

Name of Committee Members	No. of Meeting Attended/Held	Attendance Rate
Mr. He Luling (<i>Chairman</i>)	1/1	100%
Ms. Ma Yin Fan	1/1	100%
Ms. Yan Yan	1/1	100%
Mr. Xu Yanfa	1/1	100%

Corporate Governance Report

During the Year, the Nomination Committee had, among others, undertaken the following tasks:

1. reviewed the structure, composition and diversity of the Board;
2. considered the re-election of the retiring Director by the Shareholders at the forthcoming annual general meeting of the Company; and
3. considered the independence of the INEDs.

The Nomination Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board upon request.

The terms of reference of each of the above Board committees, which define the role, authority and function delegated to them by the Board, are available on the websites of the Stock Exchange and the Company.

BOARD DIVERSITY POLICY

The Company has a board diversity policy whereby it recognizes and embraces the benefits of a diversity of Board members. The board diversity policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, board diversity has been considered from numbers of measurable aspects including gender, age, length of services, knowledge and professional industry background. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

As at the date of this report, the Board comprises six Directors, two of which are female. The following tables further illustrate the diversity of the Board members as of the date of this report:

Name of Directors	Age Group			
	30-39	40-49	50-59	60-69
Mr. Wang Kaizhen		✓		
Mr. He Luling				✓
Mr. Dong Licheng	✓			
Ms. Ma Yin Fan			✓	
Ms. Yan Yan	✓			
Mr. Xu Yanfa			✓	

Corporate Governance Report

Name of Directors	Professional Experience					
	Securities and fund industry	Marketing, public relations and the news and media industry	Securities, corporate finance, mergers and acquisitions and Chinese Government department management	Auditing, accounting and taxation	Law	Pharmaceutical industry
Mr. Wang Kaizhen	✓					
Mr. He Luling		✓				
Mr. Dong Licheng			✓			
Ms. Ma Yin Fan				✓		
Ms. Yan Yan					✓	
Mr. Xu Yanfa						✓

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transaction by Directors of Listed Issuers” (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct 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.

DIRECTORS’ AND AUDITORS’ ACKNOWLEDGEMENT

The Audit Committee and the Board have reviewed the Company’s financial statements for the Year under review. The Directors have acknowledged their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment of the Company’s performance, position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast doubt upon the Company’s ability to continue as a going concern.

Crowe (HK) CPA Limited, Certified Public Accountants and the auditors of the Company for the Year have acknowledged their responsibilities in the “Independent Auditor’s Report” on pages 42 to 46 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective internal control and risk management systems. Such systems are in place and designed to manage risks and provide reasonable assurance against material misstatement or loss in order to safeguard the interests of the shareholders and the assets of the Company against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

Corporate Governance Report

The Company, during the year has engaged a professional firm as an independent advisor to hold an annual internal control review and risk management assessment to aid the Company in ensuring the internal controls and risk management systems are functioning adequately. The Board through its Audit Committee are kept regularly apprised of significant risks that may impact on the Company's performance.

Process of Risk Management

The risk assessment has identified key risks, primarily through conducting interviews with senior management and the executives under a Business Risk Model, presenting threats to the Company, including strategic risks, operation risks, financial risks as well as information risks. The risk model is a framework for identifying and understanding the types of business risks. It is followed by assessing the significance and likelihood of the risks qualitatively and quantitatively and prioritized the risks, subsequently evaluate against the control design indicator to conclude the audit requirement rating. According to the result of the risk assessment, a prioritized list of auditable areas is available for input to the development of the Company's internal control review plan.

Main Feature of Internal Control and Risk Management

The Company's internal control system includes a defined management structure with straightforward and clear lines of reporting, authority limits that are designed to help management to carry out regular management functions for the purpose of achieving the Company's business strategies. The internal controls and risk management functions are there in order to deal with the main features of the Company's risk management and internal control systems. The main features are namely: the maintenance of records, maintaining management integrity, the ensuring of proper segregation of duties, helping of the safeguarding Company assets. These features are in place in order to help to manage the Company's risk management and internal control issues.

Review of Effectiveness of the Internal Control and Risk Management System

The Directors acknowledge their responsibility for reviewing the effectiveness of the Company's internal control and risk management systems and would communicate regularly with the Audit Committee and the independent advisor. The Board has reviewed through the work of its Audit Committee and the internal control review report and the findings performed by independent advisor and was satisfied to the effectiveness of the Company's internal control and risk management systems for the year ended 31 March 2019.

Inside information

With regard to the internal controls and procedures for the handling and dissemination of inside information, the Company is in compliance with under the Part XIVA and relevant parts of the Securities and Future Ordinances and Listing Rules. To be certain that all the staff members in the Company are aware of the inside information handling, the Company's Disclosure policy sets out guidance and procedures to ensure that the inside information of the Company is disseminated to the public completely, accurately and timely. Besides, the Board is responsible to approve the dissemination of the information. The Company also has reasonable measures regarding keeping the sensitive information confidential and ensuring the confidentiality terms are in place in the significant agreements.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should not be performed by the same individual. To ensure a balance of power and authority, the roles of chairman and the chief executive officer are separate and are not performed by the same individual to reinforce their independence and accountability. The role of the chairman is performed by Mr. He Luling and the role of the chief executive officer of the Company is performed by Mr. Ji Qiang. The Chairman provides leadership for the Board and overall strategic formulation for the Company. The chief executive officer has overall chief executive responsibility for the Company's business development and day-to-day management generally. The code provision A.2.1 of the Code has therefore been complied with.

CONSTITUTIONAL DOCUMENTS

During the Year, there was no significant change in the Company's constitutional documents.

TRAINING FOR DIRECTORS

The Company continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. The Company provides internal trainings and in-house briefings to the Directors to ensure awareness of best corporate governance practices. The Company also periodically circulates reading materials relating to the general business, investment, or director's duties and responsibility to all the Directors. Up to the date of this report, all Directors have participated in relevant trainings and were provided with the above information for further development and update on their knowledge and skills, which in turn ensures that they could make adequate and suitable contributions to the Board.

COMPANY SECRETARY

Our Company Secretary, Ms. Leung So Sze, who is an employee of the Company, has fulfilled the hours of training required under Rule 3.29 of the Listing Rules to perform the duties required.

NON-EXECUTIVE DIRECTORS

The term of appointment of each non-executive Director is for a period for three years. Their appointments are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

AUDITOR'S REMUNERATION

The remuneration of external auditors of the Company, East Asia Sentinel Limited (retired on 15 August 2018) and Crowe (HK) CPA Limited (appointed on 18 October 2018), in respect of audit services and non-audit services for the year ended 31 March 2019 are set out below:

Nature of Services	HK\$'000
Audit services (East Asia Sentinel Limited)	Nil
Other advisory services (East Asia Sentinel Limited)	Nil
Audit services (Crowe (HK) CPA Limited)	280
Other advisory services (Crowe (HK) CPA Limited)	120

Our Directors acknowledged their responsibility for preparing the accounts and a statement by the auditors about their reporting responsibilities.

Corporate Governance Report

SHAREHOLDER'S RIGHTS

Convening of Special General Meeting (the "SGM") on Requisition

The following procedures are subject to the Company's bye-laws (the "Bye-laws"), the Bermuda Companies Act 1981 (the "CA") and applicable legislation and regulation.

1. Members of the Company (the "Members") holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda, for the attention of the company secretary of the Company (the "Company Secretary"), to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.
2. The written requisition must state the purposes of the general meeting, signed by the Member(s) concerned and may consist of several documents in like form, each signed by one or more of those Members.
3. If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements and the Bye-laws to all the registered Members. If the requisition is invalid, the Members concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.
4. The notice period to be given to all the registered Members for consideration of the proposal raised by the Member(s) concerned at a SGM varies according to the nature of the proposal, as follows: at least twenty-one (21) clear days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended (other than a mere clerical amendment to correct a patent error); and at least fourteen (14) clear days' in writing if the proposal constitutes an ordinary resolution of the Company.

Enquiries to the Board

Shareholders have been provided with contact details of the Company on the Company's website, such as telephone number, fax number and postal address, in order to enable them to make any enquiries that they may have with respect to the Company. They can also send their enquiries to the Board using these means. In addition, shareholders can contact Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

Putting Forward Proposals at General Meetings

1. The Company is required to hold an annual general meeting ("AGM") every year, and may hold a general meeting known as a special general meeting whenever necessary.
2. Shareholders of the Company holding (i) not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting of the Company; or (ii) not less than 100 Shareholders, can submit a written request stating the resolution intended to be moved at an AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

Corporate Governance Report

3. The written request/statements must be signed by the Shareholders concerned and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda, for the attention the Company Secretary, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.
4. If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the Shareholders concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Shareholders concerned in accordance with the statutory requirements to all the registered Shareholders. If the written request is invalid or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Shareholders concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

DIVIDEND POLICY

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company (the "Shareholders") to allow Shareholders to share the Company's profits and for the Company to retain adequate reserves for future growth.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Company's financial results, the general financial condition of the Company, the Company's current and future operations, the level of the Company's debts to equity ratio, return on equity and the relevant financial covenants, liquidity position and capital requirement of the Company and any other factors that the Board deem appropriate. The Company's ability to pay dividends is also subject to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and all relevant applicable laws, rules and regulations in the Bermuda, Hong Kong and the Memorandum of Association and Bye-laws of the Company.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Biographical Details of Directors

EXECUTIVE DIRECTOR

Mr. Wang Kaizhen

Mr. Wang, aged 49, has been an executive Director since 1 October 2018. Mr. Wang holds a Master of Economics Degree from Shanghai University of Finance and Economics and a Master of Business Administration Degree from China Agricultural University. Mr. Wang has nearly 18 years of professional experience in the securities and fund industry in the People's Republic of China ("China") and has held middle and senior positions in a number of securities companies and public fund management companies, mainly engaging in securities research, equity investment and management of the operating business.

Prior to joining the Company, since 2016, Mr. Wang has worked as the general manager of Spring Collection Assets Management Corporation (Limited) of Shanghai, China (上海積泉資產管理有限公司), a company established in China which principally engaged in private equity investment business and he was responsible for managing private equity investment in non-listed companies. He was the managing director of the investment banking business of Guotai Yuanxin Asset Management Co., Ltd. (國泰元鑫資產管理有限公司) from 2013 to 2016 responsible for managing special account asset management business approved by the China Securities Regulatory Commission, including debt financing and equity investment business, and concurrently acting as a member of the company's stock investment decision-making committee. He was the Board director and the executive deputy general manager of Shanghai Harfor Lead Asset Management Co., Ltd. (上海華富利得資產管理有限公司) in 2013 responsible for managing special account asset management business approved by the China Securities Regulatory Commission and concurrently acting as the chairman of the company's investment decision-making committee. He was the director of private fund management department of Huaifu Fund Management Co., Ltd. (華富基金管理有限公司) from 2011 to 2013 responsible for managing the special account asset management business approved by the China Securities Regulatory Commission, including stock investment portfolio management, hedge fund management, and concurrently acting as a member of the company's investment decision-making committee. He was the deputy director of the institutional finance department of Lion Fund Management Co., Ltd. (諾安基金管理有限公司) from 2010 to 2011 responsible for managing the special account asset management business approved by the China Securities Regulatory Commission. He was the director of special account management of Changsheng Fund Management Co., Ltd. (長盛基金管理有限公司) from 2006 to 2009 responsible for the special account asset management business.

NON-EXECUTIVE DIRECTORS

Mr. He Luling

Mr. He Luling, aged 64, has been a non-executive Director and the chairman of the Company since 16 June 2017. He also serves as the chairman of the nomination committee and a member of the audit committee and the remuneration committee of the Board. Mr. He has extensive experience in marketing, public relations and the news and media industry. Mr. He has gained his honour as a national level photographer and director (國家一級攝影師兼導演) in the PRC and served for a prominent television station in the PRC for over 29 years. Since 2005, Mr. He has been a founder and a chairman of a private media company in the PRC.

Mr. Dong Licheng

Mr. Dong, aged 30, has been a non-executive Director since 8 May 2019. Mr. Dong is Financial Risk Manager (FRM) awarded by the Global Association of Risk Professionals (GARP). Mr. Dong obtained a bachelor's degree from Zhejiang University in June 2011 and obtained a master's degree from University of California, Davis in December 2012. Mr. Dong has over 6 years working experience in a number of reputable investment banks and Chinese Government department in dealing in securities, corporate finance, mergers and acquisitions and Chinese Government department management. Mr. Dong has joined China Everbright Capital Limited since July 2018. He is currently the associate of China Everbright Capital Limited. He was employed by Well Link International Capital Limited from March 2016 to July 2018. Mr. Dong is currently a licensed person to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ma Yin Fan

Ms. Ma, aged 55, has been an independent non-executive Director since 16 June 2017. She also serves as the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Board. Ms. Ma obtained a bachelor's degree with honours in accounting from Middlesex University in the United Kingdom. She is also awarded the Master of Business Administration and Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and The Hong Kong Polytechnic University, respectively.

Ms. Ma is a CPA (Practising) in Hong Kong and has been working in the auditing, accounting and taxation areas with more than 20 years of professional experience. She is the principal of Messrs. Ma Yin Fan & Company CPAs. Ms. Ma is the fellow member of each of The Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in the England and Wales, The Taxation Institute of Hong Kong, The Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She is also a Certified Tax Adviser in Hong Kong. Ms. Ma is currently an independent non-executive director of China Strategic Holdings Limited (Hong Kong stock code: 235) and CST Group Limited (formerly known as NetMind Financial Holdings Limited (Hong Kong stock code: 985)). She resigned as an independent non-executive director of G-Resources Group Limited (Hong Kong stock code: 1051) on 3 February 2017. Ms. Ma was the chairman of audit committee and remuneration committee, and an independent non-executive director of Lamtex Holdings Limited (formerly known as China New Energy Power Group Limited) (Hong Kong stock code: 1041). The shares of the abovementioned companies are listed on the Main Board of the Hong Kong Stock Exchange.

Ms. Yan Yan

Ms. Yan, aged 39, has been an independent non-executive Director since 16 June 2017. She also serves as the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Board. Ms. Yan obtained a bachelor's degree in management from Shanxi University of Finance & Economics in the PRC in June 2001. Ms. Yan obtained legal professional qualification of PRC in February 2005.

Ms. Yan worked as a practicing lawyer at Elite Law Office in Tianjin (天津賢達律師事務所) from June 2005 to February 2012 and has been a senior partner since 2012. She worked as the head of law of Tianjin Pengtian Liquidation Limited* (天津市鵬天清算事務有限公司) from September 2003 to June 2005. Ms. Yan was a manager of law of Tianjin Municipal Highway Equipment Company Limited* (天津市政公路設備工程有限公司) from August 2001 to September 2003. Ms. Yan has extensive experience acting as legal adviser for investment and finance companies in the PRC.

Mr. Xu Yanfa

Mr. Xu, aged 56, has been an independent non-executive Director since 16 June 2017. He also serves as a member of the audit committee, the remuneration committee and the nomination committee of the Board. Mr. Xu has over 30 years of experience in pharmaceutical industry. Mr. Xu is currently the general manager of Tianjin Wanjia Pharmacy Company Limited* (天津市萬嘉製藥有限公司) since September 2005. He worked as a sale director of Beijing Tri-Prime Gene Pharmaceutical Company Limited and Beijing Xiehe Pharmaceutical Company Limited* (北京協和藥業) from February 2001 to September 2005 and April 1999 to February 2001, respectively. Mr. Xu was also a regional manager of Jiangsu Cuccess Pharmaceutical Company Limited (now known as Simcere Pharmaceutical Group) from October 1997 to March 1999.

Report of the Directors

The directors (the “Directors”) of the Company have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31 March 2019 (the “Year”), which were approved by the board of directors (the “Board”) of the Company on 20 June 2019.

PRINCIPAL ACTIVITIES

The Company is an investment company incorporated on 15 April 2003 with limited liability as an exempted company in Bermuda. The Company is principally engaged in investing in listed and unlisted enterprises established in Hong Kong and the People’s Republic of China (the “PRC”) with potential for earnings growth and capital appreciation.

BUSINESS REVIEW

The business review of the Company for the year ended 31 March 2019 is provided in the Management Discussion and Analysis section of this Annual Report.

The Company is committed to complying with and had during the Year complied with all environmental and social policies and other relevant laws and regulations related to its business operating environment. The Company also encouraged its employees to understand, comply with and keep themselves abreast of the laws, rules and regulations applicable to their positions and the operation of the business of the Company. Trainings were offered to its employees from time to time to equip themselves with better knowledge and make them more capable of and confident in handling the possible challenges ahead. The Board realises the importance of fostering loyalty and mutual trust with its employers and stakeholders as a good relationship is instrumental to the sustainable development of the business of the Company. The Board considers that the Company has overall maintained a good relationship with its employees, stakeholders and others that have a significant impact on the Company and on which its success depends. The Environmental, Social and Governance Report set out on pages 30 to 41 of this Annual Report provides a review on the steps taken and efforts and performance made to achieve the above purposes. The Corporate Governance Report set out on pages 8 to 20 of this Annual Report also provides a review on the Company’s corporate governance performance during the Year.

FINANCIAL RESULTS

The loss and cash flows of the Company for the year ended 31 March 2019 and the state of affairs of the Company as at 31 March 2019 are set out in the financial statements on pages 47 to 97.

DIVIDEND

The Directors do not recommend the payment of a dividend for the Year (2018: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “Annual General Meeting”) will be held on 13 August 2019.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Company for the Year is set out on page 98. This summary does not form part of the audited financial statements.

Report of the Directors

RESERVES

Details of movements in the reserves of the Company during the Year are set out in note 18 to the financial statements and in the statement of changes in equity set out on page 49.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 17 to the financial statements.

DONATIONS

The Company did not make any donations for charitable or other purposes during the Year.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

The Company did not purchase, sell or redeem any of its shares during the Year.

COMPETING INTERESTS

As at 31 March 2019, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business apart from the Company's business that competed or was likely to compete, either directly or indirectly, with the businesses of the Company.

SHARE OPTION SCHEME

The Company did not maintain any share option scheme during the Year.

DIRECTORS

The Directors who held office during the Year and up to the date of this report were:

Executive Directors

Mr. Wang Kaizhen (*appointed on 1 October 2018*)

Ms. Lee Wai Tsang, Rosa (*resigned on 1 October 2018*)

Non-executive Directors

Mr. He Luling

Mr. Dong Licheng (*appointed on 8 May 2019*)

Independent Non-executive Directors

Ms. Ma Yin Fan

Ms. Yan Yan

Mr. Xu Yanfa

Report of the Directors

The terms of office for all Directors are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the bye-laws of the Company ("Bye-laws"). In accordance with Bye-Law 113(A) of the Bye-laws, Ms. Yan Yan and Mr. Xu Yanfa will retire at the forthcoming Annual General Meeting ("AGM") and being eligible, offers themselves for re-election at the forthcoming AGM. In accordance with Bye-law 117 of the Bye-laws, Mr. Dong Licheng will retire at the forthcoming AGM and, being eligible, offer himself for re-election at the forthcoming AGM.

The Company has received the confirmations of independence from Ms. Ma Yin Fan, Ms. Yan Yan and Mr. Xu Yanfa pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and in the opinions of the Directors having regard to the assessment of their independence by the nomination committee of the Company (the "Nomination Committee"), they remain to be considered as independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

PERMITTED INDEMNITY PROVISION

The Bye-laws provide that the Directors are entitled to be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur in their respective offices. During the year, appropriate directors' and officers' liabilities insurance coverage had been arranged in respect of legal action that might be taken against the Directors and officers of the Company.

DIRECTORS' AND/OR EXECUTIVE'S INTEREST IN SHARES

As at 31 March 2019, as far as the Directors are aware, the directors, chief executives and their associates had the following interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules:

Directors' interests in the shares of associated corporations

Name of associated corporation	Name of Director or chief executive	Capacity	Long/short position	Number of ordinary shares in the associated corporation	Approximate percentage of the issued share capital in the associated corporation
Renown Future Limited	He Luling	Beneficial owner	Long position	1	20%
	Ji Qiang	Beneficial owner	Long position	1	20%

Report of the Directors

Other than as disclosed above, none of the Company's directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of the SFO as at 31 March 2019.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2019, as far as the Directors are aware, the Company had been notified of the following substantial shareholders' interests or short positions in the shares and underlying shares in the Company (representing 5% or more of the Company's issued share capital) which were recorded in the register maintained by the Company under Section 336 of the SFO:

Name of substantial shareholder	Capacity	Long/short position	Number of Shares	Approximate percentage of existing shareholding
Renown Future Limited	Beneficial owner	Long position	88,129,080	51.00%
Treasure Isle Global Limited	Beneficial owner	Long position	25,954,878 <i>(Note 1)</i>	15.02%
Li Bohan ("Mr. Li")	Interest of a controlled corporation	Long position	25,954,878 <i>(Note 1)</i>	15.02%
Zhang Jianming ("Mr. Zhang")	Interest of a controlled corporation	Long position	25,954,878 <i>(Note 1)</i>	15.02%
Blue Canary Consulting Group Limited	Beneficial Owner	Long position	14,916,042 <i>(Note 2)</i>	8.63%
Chan Man Fung	Interest of a controlled corporation	Long position	14,916,042 <i>(Note 2)</i>	8.63%

Notes:

- Treasure Isle Global Limited is a company incorporated in the British Virgin Islands and is beneficially owned as to 50% by Mr. Li and 50% by Mr. Zhang. Each of Mr. Li and Mr. Zhang is deemed to be interested in the 25,954,878 Shares held by Treasure Isle Global Limited under Part XV of the SFO.
- Blue Canary Consulting Group Limited is a company incorporated in Samoa and is solely owned by Mr. Chan Man Fung. Mr. Chan Man Fung is taken to be interested in the shares of the Company held by Blue Canary Consulting Group Limited under Part XV of the SFO.
- The percentage of shareholding is calculated on the basis of 172,800,000 shares in the Company in issue as at 31 March 2019.

Save as disclosed above, as far as the Directors are aware, the Company had not been notified by any other persons, and none of the other Directors or chief executive (if any) of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of the Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 March 2019.

Report of the Directors

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial parts of the business of the Company were entered into or existed during the Year.

CONNECTED TRANSACTIONS

Investment Management Agreement

Pursuant to the investment management agreement dated 3 November 2016 (“Evergrande Investment Management Agreement”), the Company appointed Evergrande Securities (Hong Kong) Limited (“Evergrande”) (formerly known as Grand Investment (Securities) Limited) (“GIS”) as the Company’s investment manager to provide the Company with investment management services for a term of one year, commencing on 1 December 2016 subject to renewal, at the investment management fee of HK\$345,000 per annum. After the expiration of the term of one year, the Investment Management Agreement has been extended on a monthly basis at an investment management fee of HK\$28,750 per month until 30 June 2018.

On 29 June 2018, the Company entered into a new investment management agreement (the “New Investment Management Agreement”) with Avanta Investment Management Limited (“Avanta”), pursuant to which Avanta has agreed to provide non-discretionary investment management services to the Company at an investment management fee of HK\$800,000 per annum for a period of three years commencing from 1 July 2018.

The investment managers of the Company are regarded as connected persons of the Company under Rule 14A.08 of the Listing Rules. Accordingly, the transactions under the Evergrande Investment Management Agreement and the New Investment Management Agreement (collectively the “Investment Management Agreements”) constituted continuing connected transactions of the Company. During the Year, the investment management fees paid to Evergrande under the Evergrande Investment Management Agreement amounted to HK\$86,250 and the investment management fees paid to Avanta under the New Investment Management Agreement amounted to HK\$600,000. Since each of the applicable percentage ratios under Rules 14.07 of the Listing Rules (as appropriate) on an annual basis is less than 25% and the total consideration is less than HK\$10,000,000, the transactions contemplated under the Investment Management Agreements were not subject to the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Custodian Agreement

The Company appointed DBS Bank Ltd, (“DBS”) as its custodian under a custodian agreement (“Custodian Agreement”) that took effect from 1 December 2010 in respect of, among others, the safe custody of cash and documents of title, physical settlement of the securities in the investment portfolio of the Company and the collection of dividends and other entitlements in respect of such securities. The Custodian Agreement would continue in full force until terminated by either the Company or DBS by giving to the other not less than three months’ advance notice in writing.

Pursuant to the Custodian Agreement, a custody fee at the rate of 0.125% per annum of the average month-end balance, with minimum US\$500 per month, of the aggregate value of the investments deposited by the Company with DBS (subject to revision as notified by the DBS to the Company from time to time with the approval of the Company in accordance with the terms set out in the Custodian Agreement) is payable by the Company to DBS for the provision of securities custodian services.

Report of the Directors

DBS is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules. Accordingly, the transactions under the Custodian Agreement constituted continuing connected transactions for the Company.

During the Year, the aggregate amount of custody fee paid to DBS amounted to HK\$46,500. Since each of the applicable percentage ratios under Rules 14.07 of the Listing Rules (as appropriate) on an annual basis is less than 5% and the total consideration is less than HK\$3,000,000, the transaction contemplated under the Custodian Agreement was not subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Sharing of Administrative Expenses

During the Year, the Company has reimbursed Grand Finance Group Company Limited ("GFG") for the administrative expenses shared by the Company on a cost basis. Ms. Lee Wai Tsang, Rosa, who resigned as the director of the Company on 1 October 2018, was also a director of GFG. Accordingly, the reimbursement constituted continuing connected transactions of the Company.

During the Year, the aggregate amount of administrative expenses reimbursed to GFG amounted to HK\$38,673. Since each of the applicable percentage ratios under Rules 14.07 of the Listing Rules (as appropriate) on an annual basis is less than 5% and the total consideration is less than HK\$3,000,000, the transaction was not subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors had reviewed the above continuing connected transactions respectively contemplated under the aforementioned Investment Management Agreement, the Custodian Agreement and the sharing of administrative expenses (each a "Transaction" and collectively, the "Transactions") for the Year and confirmed that each of the Transactions have been entered into:

- (i) in the ordinary and usual course of the Company's business;
- (ii) on normal commercial terms;
- (iii) (as regards the Investment Management Agreements) in accordance with each of the Investment Management Agreements on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole;
- (iv) (as regards the Custodian Agreement) in accordance with the Custodian Agreement on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole; and
- (v) (as regards the sharing of administrative expenses) on terms that are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Company on pages 27 to 28 of the Annual Report in accordance with Main Board Listing Rule 14A.56. A copy of the auditor's letter will be provided by the Company to The Stock Exchange of Hong Kong Limited.

Report of the Directors

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Bye-laws of the Company although there are no restrictions against such rights under the laws of Bermuda. There is no information necessary to enable Shareholders to obtain any relief from taxation to which they are entitled by reason of being the Company's shareholder.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with Rule 3.21 of the Listing Rules for the purpose of, among other duties, reviewing and providing supervision over the Company's financial reporting procedures and internal control system. The Audit Committee, comprising the non-executive director and all three independent non-executive Directors, had reviewed with the management of the Company the audited financial statements of the Company for the Year.

EVENTS AFTER THE REPORTING PERIOD

Appointment of Non-executive Director

Mr. Dong Licheng was appointed as a non-executive Director of the Company with effect from 8 May 2019. Details of the appointment were disclosed in the announcement of the Company dated 8 May 2019.

Change of Company Name

Following the passing of the special resolution for the change of Company name at the special general meeting of the Company held on 24 April 2019, the Registrar of Companies in Bermuda has approved the registration of the new name of the Company on 26 April 2019 and a Certificate of Incorporation on Change of Name and a Certificate of Secondary Name were issued on 21 May 2019. The English name of the Company has been changed from "Grand Investment International Ltd" to "Youth Champ Financial Group Holdings Limited" and the Chinese name of "優創金融集團控股有限公司" has been adopted and registered as the secondary name of the Company on 26 April 2019. A Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 12 June 2019.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules as at the date of this annual report.

AUDITORS

With the recommendation of the audit committee of the Company, Crowe (HK) CPA Limited has been appointed as the auditors of the Company with effect from 18 October 2018 to fill the casual vacancy following the retirement of East Asia Sentinel Limited.

The financial statements have been audited by Crowe (HK) CPA Limited who will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment at a fee to be agreed by the Board.

By order of the Board

He Luling
Chairman

Hong Kong, 20 June 2019

Environmental, Social and Governance Report

ABOUT THIS REPORT

This is the environmental, social and governance (the “ESG”) report for Youth Champ Financial Group Holdings Limited (the “Company” or “We”). This report is designed to allow the shareholders, investors (including potential investors) of the Company and the public to have a more comprehensive and profound understanding of the work done on the ESG issues of the Company for its financial year ended 31 March 2019 (the “Reporting Year”). This report elaborates the philosophy and practice in respect of social responsibility and the achievements it has made in economic, environment and social aspects. The Company primarily adopts the principles and basis of Environmental, Social and Governance Reporting Guide (the “ESG Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its standards, with an aim to establishing a sound environmental, social and governance structure. For information on the Company’s corporate governance, please refer to the “Corporate Governance Report”.

THE BOARD’S COMMITMENT AND ESG APPROACH

The Company is committed to fulfilling stakeholders’ expectations on our ESG practices. A designated ESG function has been established to show our dedication to incorporate ESG elements into our business operations. The ESG function, comprising the senior management and the external professional consultant, was set up by the Company to monitor and manage the ESG affairs, with the cooperation of each department of the Company.

The board of directors of the Company (the “Board”) is responsible for our ESG strategy and reporting including evaluating and determining our ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The management of the Company executes the ESG strategies and practices determined by the Board, as well as directly monitors ESG-related risks and internal controls.

The Board believes that a sound environmental, social and governance structure is vital for continued sustainability and development of the Company’s activities. The Company is willing to take more responsibilities for the society but with a view to balancing the shareholders’ interests and the society’s benefits.

We will continue to strengthen its efforts in information collection for better performance in the ESG areas and broader disclosure of related information in sustainable development. We welcome any comments and suggestions on this report as well as the Company’s performance in sustainability development.

Environmental, Social and Governance Report

STAKEHOLDERS COMMUNICATION AND ENGAGEMENT

For the Company, the stakeholders refer to groups and individuals who have significant impact on the Company's business, or those who are affected by the Company's business. The participation of stakeholders is an important part of the business management of the Company for it to examine potential risks and business opportunities. Communicating with stakeholders enables the Company to understand their views, and it brings business practices of the Company closer to their needs and expectations, so as to properly manage the views of different stakeholders.

The Company constantly communicates with key stakeholders within and outside the Company through various channels. This ensures that they are given an opportunity to understand the development and operating directions of the Company, as well as the opportunities for the Company to listen to their opinions in order to prioritize different issues, and to develop corresponding policies.

Our key stakeholders include government, regulators, investors, society, employees, suppliers and natural environment. In accordance with the assessment result regarding significance to the influence from and on the Company, we made a list of key stakeholders and determined the degree and range for their participation in corporate governance, management and decision-making.

Stakeholders	Topic raised	Communication and responses
Government and regulator	Listing rules; Compliance of laws and regulations; Fulfil tax obligation; Social welfare.	Correspondence; Telephone conversation; Regulatory filings.
Investors	Corporate governance; Business strategies and performance; Investment returns; Information transparency.	Shareholders' meeting; Financial reports or announcements for investors; Media and analysts.
Society	Corporate governance; Environmental protection; Human right.	Volunteer activities; Charitable donation.
Employees	Humanity; Health and safety; Career development; Labour rights.	Performance management; Continuous education and professional trainings; Attention to occupational health and safety; Comfortable working environment.
Suppliers	Environmental compliance; Product/service quality; Labour standard; Integrity.	Supplier selection with due care; Contractual obligations are in place.
Natural environment	To realize green operation; To protect the environment.	Energy saving and emission reduction; Green public-service activities.

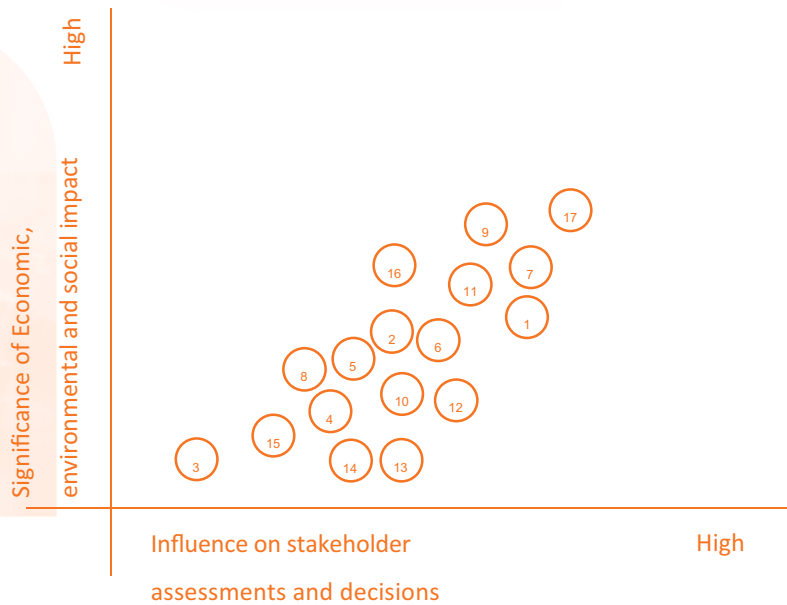
Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

In addition to our established engagement channels with each of our stakeholder groups, we have completed a materiality assessment through a stakeholder engagement process which have considered ESG issues relevant to our industry and operations and included the following steps:

1. Identifying potential issues: screen out the initial reference issues with reference to the ESG Reporting Guide of the Stock Exchange.
2. Stakeholders communication: understand and analyze the issues of concern to stakeholders via questionnaires and interviews.
3. Ranking the issues by materiality – prepare the ESG materiality ranking based on the results of the communication.

Material Sustainability Issues



- | | |
|---------------------------------------|--|
| ① Employee Communication | ⑪ Occupational health and safety |
| ② Human right protection | ⑫ Energy consumption |
| ③ Services quality and safety | ⑬ Use of renewable material |
| ④ Data Privacy protection | ⑭ Compliance with environmental laws and regulations |
| ⑤ Community relations | ⑮ Expenditure on environmental protections |
| ⑥ Anti-discrimination | ⑯ Anti-corruption |
| ⑦ Development and training | ⑰ Compliance with local laws and regulations |
| ⑧ Supplier management | |
| ⑨ Business strategies and performance | |
| ⑩ Diversity and equal opportunity | |

Environmental, Social and Governance Report

We believe the most pertinent sustainability issues include compliance with local laws and regulations, business strategies and performance, development and training and occupational health and safety. Additional material sustainability issues include anti-corruption, supplier management and energy consumption, etc.

EMPLOYEES

Employee-focused

Employees are regarded as the greatest and valuable assets and core competitive advantage of the Company. We offer competitive remuneration, promotional opportunity, compensation and benefit packages to attract and retain talents. Remuneration packages are reviewed periodically based on the Company's operating results, individual performance and market information. Fair terms on working hours, overtime payment, holidays, termination of contract, fringe benefits and leave entitlement are stipulated on the employment contracts. We aim to reward and motivate the contribution and performance of employees and assist them in their career development and promotion within the Company.

In order to provide a good and fair working environment and safeguard the well-being of our employees, we seriously consider all valuable opinions from our employees to enhance workplace productivity and harmony.

Equal Opportunity and Anti-Discrimination

The recruitment of the Company is fair and open for all candidates, and not affected by age, sex, physical or mental health status, marital status, family status, race, skin color, nationality, religion, political affiliation and sexual orientation and other factors.

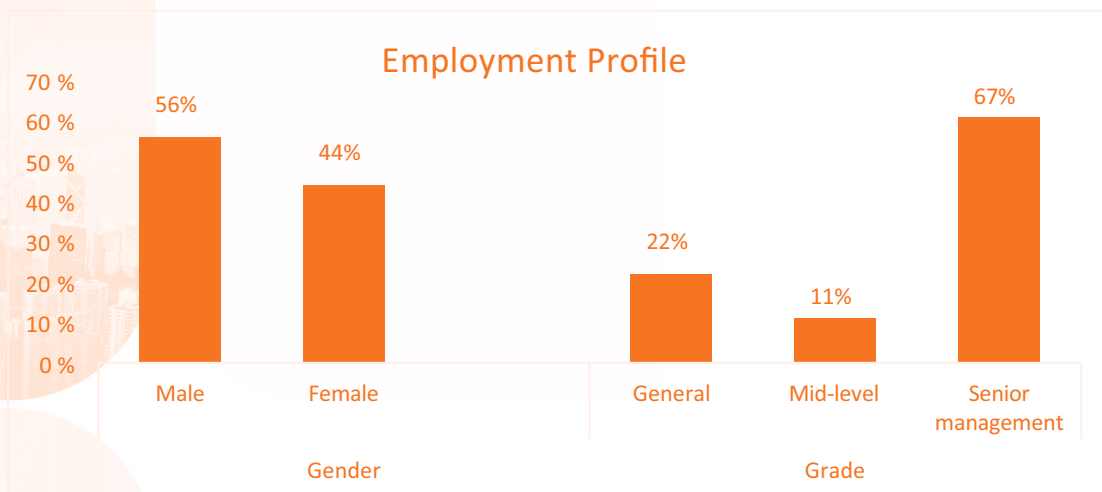
We strictly follow the relevant laws and regulations and our employment policies to select candidates based on skillsets, experience and expertise. Equality and diversity are highly respected in our corporate philosophy during the process of employment, remuneration, promotion and termination.

By adopting the above practices, we comply with, in all material respects, the following ordinances and the relevant codes of practice issued by the Equal Opportunities Commission of Hong Kong: Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527), and Race Discrimination Ordinance (Cap. 602).

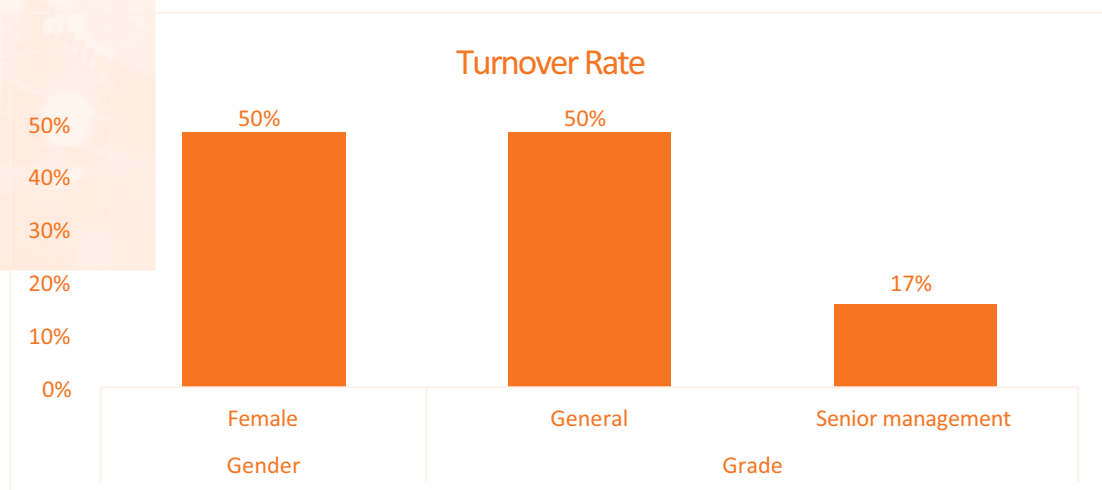
Environmental, Social and Governance Report

Employment Profile

The total workforce and the number of employee turnover of the Company for the Reporting Year are summarized as follows:



As of 31 March 2019, the Company had a total of 9 Directors and other employees. The proportion of male to female is 56:44. Approximately 22% of the Company's staff are general staff, 11% are in mid-level and 67% are senior management.



As of 31 March 2019, the turnover rates for female were 50% and for general staff and senior management were 50% and 17%.

Environmental, Social and Governance Report

Compliance of Employment Laws and Regulations

The Company complies with the Labour Law of Hong Kong and relevant employment laws and regulations during the Reporting Year, including the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) by participating in the Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) for our eligible employees, Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the “EO”) and Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the “ECO”). During the Reporting Year, there were no non-compliance cases identified relevant to laws and regulations on recruitment, employment, benefits and welfare, and anti-discrimination.

Prevention of Child and Forced Labour

The Company strictly prohibits the use of child labour in accordance with the relevant laws and regulations such as the Employment of Children Regulations. We ensure that no child labour is employed by verifying the identity of new employees before the commencement of work. Forced labour is also stringently prohibited that no staff engagement in unacceptably dangerous and/or hazardous work, physical punishment, abuse, servitude, peonage or trafficking is allowed in any of our operations and services.

Dismissal

In situations which an employee has violated the Company’s regulation, or his/her performance is below an acceptable level continuously, a set of procedures were established to terminate their employment contract. The terms and conditions for dismissal are outlined in the Company policy and procedure.

Health and Safety

The Company is committed to providing a safe and healthy working environment for all employees and protecting them from any potential occupational hazards. In order to protect our employees from injuries and accidents under adverse weather, we have included adverse weather working arrangement in the employees’ handbook. We have also ensured that our employees are under the coverage of employees’ compensation insurance.

The Company has offered various facilities to address the health and safety needs of our employees, encompassing:

- ensuring ample space between workstations and clean and tidy common space such as corridors and pantry;
- ensuring the facilities operated by employees should meet safety and health standards;
- obtaining expert advice to identify health and safety risk in the operations and the corresponding mitigating actions that should be taken;
- maintaining sufficient ventilation and lighting system in the offices;
- offering adjustable chairs and workstation of proper design at each individual workstation;
- conducting fire drills and emergency evacuation simulations to raise employees’ awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency; and
- prohibiting smoking and abuse of alcohol and drugs in the workplace

Environmental, Social and Governance Report

Additionally, the Company provides induction programs and safety training programs to new employees such that they can be familiar with our corporate policies in relation to health and safety matters as quickly as they can.

During the Reporting Year, the Company complied with all relevant laws and regulations including but not limited to the Occupational Safety and Health Ordinance in Hong Kong.

During the Reporting Year, no work-related fatality and injury records from workplace have been incurred.

Careers Development and Training

The Company attaches the great importance to the staff development and quality of employee. We provide the employees with effective training and develop a clear promotion ladder, ensuring that the employees have the required skills.

The Company conducts performance evaluation annually and based on the assessment result to provide the staff with appropriate training and offer job development and promotion opportunities for outstanding employees. Internal promotion is always preferred over external recruitment by the Company so as to provide the best chance for employees to grow together with the Company.

In order to enhance the effectiveness and efficiency of the management of the Company, we have provided training specific to the needs of the management, such as training on corporate governance, to our staff at the management level. On the other hand, junior staff is kept updated with knowledge and trained with techniques regarding the application of new software or hardware, such as computer and accounting programmes, needed for their daily work. The Company is continuously stepping up our education and training policy, planning to provide all our employees with necessary up-to-date and job-related training so that they can keep abreast of the ever-changing business environment.

The percentage of employees of the Company receiving training and the average training hours per employee during the Reporting Period are summarized as follows:

Category by gender and grade	% of employee trained	Average training hours per employee
Male	100	5.6
Female	100	97.9
General employees	100	155
Mid-level employees	100	30
Senior management	100	13.4

During the Reporting Year, the average training hours per employee was 46.6 hours.

SUPPLY CHAIN MANAGEMENT

The Company attaches importance to developing and maintaining long-term relationships with our suppliers, looking forward to forming long-term partnerships with them.

Environmental, Social and Governance Report

We take a fair and open principle on procurement of materials and services. We support and encourage the suppliers to promote efficient use of resources and environmental protection and fulfill corporate social responsibility. The Company also conducts follow-up assessment on the suppliers, and, if necessary, reviews them through a third-party organization.

On the other hand, for upholding the principle of professionalism, the Company subcontracts some specialised works, including legal advisory, compliance, information technology, security and cleaning, to professional third-party enterprises. These cooperating parties constitute key part of the Company's business chain. When choosing sub-contractors, the Company values their service capabilities, service experience, personnel management skills and specialized equipment. The Company assesses sub-contractors' service performance in accordance with its own service standards so as to identify and solve problems timely. Furthermore, the Company also adopts a series of measures, making sure that the sub-contractors do not violate human rights or are not against the legitimate rights of workers.

Our suppliers should comply with all relevant local and national laws and regulations in relation to unethical behaviour, bribery, corruption and other prohibited business practices.

ANTI-CORRUPTION AND MONEY LAUNDERING POLICY

The Company advocates a high standard of business integrity throughout its operations and has no tolerance of corruption or bribery in any form. Employees at all levels are expected to conduct in an appropriate manner, with integrity, impartiality and honesty. During the Reporting Year, the Company complied with laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Company, such as the "Prevention of Bribery Ordinance of Hong Kong" (Chapter 201 of the laws of Hong Kong).

Independence and Diversity

The Company, together with the current Board, gives the utmost priority to regulatory compliance. The Board advocates a high level of independence so as to make independent judgements. Therefore, the Company has appointed three Independent Non-executive Directors which represent half of the Board. In selecting the Board members, the Company already considered the experience, knowledge and background of all independent non-executive Directors that can contribute to the diversity and caliber of the Company.

Whistle-blowing Mechanism

Established control, such as a whistle-blowing mechanism, is in place as a private and confidential communication channel for external and internal parties to report suspicious fraudulent actions to the Company's management directly. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities.

COMMUNITY INVESTMENT

The Company is fully aware of the importance of interacting with the wider community in fulfilling corporate social responsibility. The Company pursues sustainable development of the community by supporting initiatives that create effective and lasting benefits to the local communities. Going beyond corporate philanthropy, the Company supports long-term community investment by encouraging our employees to participate in volunteer work.

The Company believes one of the best ways to serve the community is to drive positive impact through its investment portfolio. To create shared values with the community and stakeholders, the Company will continue to consider ESG factors in selecting future investment projects.

Environmental, Social and Governance Report

In addition, the Company fully supports our employees in fulfilling civic responsibilities and social obligations through serving jury duty and witness duty when required. Employees are also encouraged to participate in voting and polling in expressing their political interests and views.

INVESTMENT MANAGEMENT

The Board is responsible for approving all the investment/divestment decisions and formulating the Company's overall investment strategies and guidelines in accordance with the investment objective and policies of the Company. The Investment Manager is appointed to provide investment management services to the Company. The Investment Manager is responsible for, inter alia, identifying, reviewing and evaluating suitable investment or divestment opportunities, assisting the Board in the execution of investment and divestment decisions and the monitoring of the investments of the Company. The Investment Manager will carry out reviews of the investment portfolio of the Company whenever the Board shall require and report its analysis to the Board.

DATA PRIVACY PROTECTION

With regard to information security and confidentiality, the Company also plays a vital role in handling information of customers, employees and other stakeholders with the highest degree of carefulness. Facing a serious concern on privacy protection among the public, the Company carries out several measures which are in line with the Personal Data (Privacy) Ordinance. We only collect personal data which are necessary for conducting business, and the data will not be used for purposes without the consent of the related persons. Personal data is also not transferred or disclosed to other entities. Moreover, we maintain appropriate security systems designed to prevent unauthorized access to personal data.

During the Reporting Period, there were no issues occurred concerning the losses of data.

PRODUCT RESPONSIBILITY

The office-based operation of the Company is not considered to have significant environmental and social risks of product responsibility due to its nature of business. Therefore, disclosure relating to this aspect, as set forth in the ESG Guide, is not applicable to the Company.

ENVIRONMENTAL

Being an investment company, we are also conscious of our investment decision and its potential impact to the environment. Should the opportunity arises, we would consider projects for its risk and return dynamics as well as positive environmental effects it will have.

The Company has been persistent in conducting business in an environmentally responsible manner and it has been the Company's mission to reduce possible environmental impact from its operations, tackle climate change and reduce risks for the society in the most effective way.

Environmental, Social and Governance Report

Emission

Taking into account the nature of the Company's businesses, there is no direct emission of exhaust gas and greenhouse gas, discharge of wastewater and discharges into land, production of hazardous nor non-hazardous waste, etc.

During the Reporting Year, the biggest contributor to the Company's carbon footprint was indirect greenhouse gas ("GHG") emission from electricity consumption, paper waste disposed at landfills and travelling of staffs.

Scope of Greenhouse Gas Emissions ¹	Emission Sources	Total Greenhouse gases (CO ₂ and CO ₂ equivalent) emissions	Intensity (per employee)
Scope 2			
Indirect emission	Purchased electricity	4.45 tonnes	0.49 tonnes
Scope 3			
Other indirect emission	Paper waste disposed at landfills	0.16 tonnes	0.02 tonnes
	Travelling	7.98 tonnes	0.89 tonnes
Total		12.59 tonnes	1.40 tonnes

Green Operation

During the Reporting Year, the Company adopted a number of energy-saving initiatives and efficiency practices to reduce greenhouse gas emission and conserve energy usage, encompassing:

- indoor temperature is maintained at an optimal level for comfort;
- employees are encouraged to turn off the computers, monitors and other personal electronic devices before they leave the office;
- telecommunication system the video conference facilities are encouraged to use so as to avoid unnecessary travel arrangement;
- signages are put on at appropriate areas to raise the awareness of energy saving;
- encouraging employees to make the best use of the video conference facilities so as to avoid unnecessary travel arrangement; and
- blinds for windows to reduce solar heat in air-conditioned areas and hence the strength of air-conditioning required.

Environmental, Social and Governance Report

Efficient Use of Resources

The Company considers the conservation of natural resources as an indispensable component of our sustainable business. Through actively promoting various environmental friendly measures, we encourage an efficient use of resources, including energy, paper, water and other raw materials. As such, the Company has initiated policies to raise the awareness of electricity conservation and taken energy saving measures throughout our daily operation.

With the aim to better manage the use of resources, regular assessments of use of resources are performed by the Company by analyzing the data collected by the management of the Company.

Hazardous Waste and Non-hazardous Waste

The Company generated no hazardous waste in its operation. Non-hazardous waste from the Company's operation was mainly office paper but the management of the Company believed that the impact of non-hazardous waste arose from the wastepaper is insignificant.

As a way to reduce the amount of waste we generate, we are dedicated to implementing a plenty of measures by sticking to the principle of 4Rs. We always encourage our staff to reuse envelopes, folders, file cards and other stationary. We purchase refills instead of new pens so that staff can reuse their pens in a bid to avoid disposal. Besides, the use of disposable and non-recyclable products is avoided by replacing them with products that are recyclable or reusable. For instance, rechargeable batteries are used instead of disposable batteries in our office. By adopting green procurement practices, we always prefer consumables which are made by recycled materials with minimal packaging. Employees are also encouraged to reuse materials so as to minimize the amount of waste discarded to landfill.

During the Reporting Year, the Company had not received any complaint regarding the non-compliance to laws or regulations relating to air pollution and waste handling. The Company believes that there is no significant environmental impact generated by its business operations. We are committed to protecting environment and focusing on environmental protection in our operation, hoping that through rigorous supervision and control to reduce our long-term negative impact on environment.

Electricity

The Company is committed to improving the energy efficiency of operations by supporting the "Indoor Temperature Energy Saving Charter" and the "No Incandescent Light Bulbs ("ILB") Energy Saving Charter". The indoor air temperature of our office is set at a comfortable range, and all incandescent light bulbs have been fully deactivated.

For equipment purchasing, employees are encouraged to take energy efficiency into consideration when purchasing office equipment such as considering the energy cost of the equipment and its useful life.

During the Reporting Year, the electricity consumption by the Company was 7,059 kWh, with an energy intensity of 784 kWh per employee.

Water

The Company consumes water in the office from a centralized water and sanitation system implemented in the building. The cost of water consumption of the Company is inclusive in the monthly building management fee, and the building management does not individually measure the water consumption of each tenant and hence no relevant data can be collected. In spite of this, we educate employees on the importance of water conservation and reduce unnecessary water waste.

Environmental, Social and Governance Report

Packaging material

There was no packaging material used in the Company's business operation.

Paper

The Company practices paper saving initiatives, such as encouraging employees to use duplex printing for internal documents and adopt environmentally friendly photocopy habit. Apart from reducing paper waste at source, paper recycling also contributes to conserving resources such as forests, energy and water. To efficiently recycle used paper, waste segregation and collection are particularly important.

During the Reporting Year, a total of 0.16 tonnes of paper² with an intensity of 0.017 per employee has been used for daily office operations. Paper recycling practice is engaged and promoted regularly to raise employees' awareness on conserving paper.

Notes:

1. Greenhouse gas emissions are calculated with reference to the "Reporting Guidance on Environmental KPIs" issued by The Stock Exchange of Hong Kong Limited and the emission factor published by the electricity provider.
2. The printed quantity, excluding the amount recycled, of the above item by our Company during the Reporting Year has been considered as the amount disposed.

ENVIRONMENT AND NATURAL RESOURCES

As a company that is principally engaged in investment in both listed and unlisted securities, we generally bear a low impact on carbon footprint and therefore the environment. Nevertheless, the Company, together with our talented team, is committed to actively minimizing the impact on our environment and implementing different measures to optimize the workplace, continuing to address the environmental issues in relation to global warming, pollution, and biodiversity of the environment.

As an ongoing commitment to good corporate citizenship, we recognize the responsibility in minimizing the negative environmental impact of our business operations and our investment portfolio, in order to achieve a sustainable development for generating long-term values to our stakeholders and community as a whole.

The Company constantly assesses and monitors the environmental risks in its daily operation and formulates corresponding mitigation measures promptly when discovering any potential risk to the environment, so as to ensure such risk can be controlled and reduced to an acceptable level. The Company is committed to making the most efficient use of natural resources and reducing waste.

Independent Auditor's Report



國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YOUTH CHAMP FINANCIAL GROUP HOLDINGS LIMITED

(formerly known as Grand Investment International Ltd.)
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the financial statements of Youth Champ Financial Group Holdings Limited ("the Company") set out on pages 47 to 97, which comprise the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2019 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.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YOUTH CHAMP FINANCIAL GROUP HOLDINGS LIMITED

(formerly known as Grand Investment International Ltd.)

(Incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS *(continued)*

Assessing the fair value of financial assets measured at fair value through profit or loss – unlisted fund investment

Refer to Notes 3, 11 and 26 to the financial statements and the accounting policies on pages 56 to 63.

The Key Audit Matter

As at 31 March 2019 the Company's unlisted fund investment with a carrying value of approximately HK\$2,474,000. This investment is carried at fair value through profit or loss (FVPL).

As set out in the financial statements, the investment has been valued based on valuation performed by the Company's external valuer as at 31 March 2019.

We identified assessing the fair value of this unlisted investment as a key audit matter because of the degree of complexity involved in valuing the unlisted fund investment and because of the degree of judgement exercised by management in determining the inputs used in the valuation model.

How the matter was addressed in our audit

Our audit procedures to assess the fair value of an unlisted fund investment included the following:

- Obtaining independent confirmation from the fund manager of the underlying funds to confirm the existence of the Company's investment in underlying funds;
- Evaluating the competence, independence, capabilities and objectivity of the Company's external valuer;
- Obtaining the independent valuation report and discussed with management and the Company's external valuer about the valuation of the unlisted fund investment, and together with our valuation specialist:
 - (i) assessing the appropriateness of the valuation technique and key assumptions adopted on valuation of the unlisted fund investment based on the industry knowledge;
 - (ii) testing the appropriateness of the key inputs by independently checking to the relevant external market data and/or relevant historical financial information; and
 - (iii) inquiring and assessing the rationale of the management's judgement on the key inputs.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YOUTH CHAMP FINANCIAL GROUP HOLDINGS LIMITED

(formerly known as Grand Investment International Ltd.)

(Incorporated in Bermuda with limited liability)

The Key Audit Matter

How the matter was addressed in our audit

- Obtaining the most recent audited financial statements for the unlisted fund investment and assessing whether the audit had been carried out by a reputable auditor, whether the opinion was unqualified and whether the basis of preparation was appropriate; and
- Comparing the net asset value of the unlisted fund investment as reported in most recently available audited financial statements to the valuation made by the Company's external valuer and assessing whether this has resulted in any material valuation adjustments.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Company's financial reporting process.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YOUTH CHAMP FINANCIAL GROUP HOLDINGS LIMITED

(formerly known as Grand Investment International Ltd.)

(Incorporated in Bermuda with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YOUTH CHAMP FINANCIAL GROUP HOLDINGS LIMITED

(formerly known as Grand Investment International Ltd.)

(Incorporated in Bermuda with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

(continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (HK) CPA Limited

Certified Public Accountants

Hong Kong, 20 June 2019

Yau Hok Hung

Practising Certificate Number P04911

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	NOTE	2019 HK\$'000	2018 HK\$'000
NET INVESTMENT LOSS	5	(137)	–
OTHER INCOME	6	148	15
IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENT	12	–	(527)
LOSS ON DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENT		–	(1,558)
GENERAL AND ADMINISTRATIVE EXPENSES		(9,429)	(8,368)
LOSS BEFORE TAXATION	7	(9,418)	(10,438)
INCOME TAX	8	–	–
LOSS FOR THE YEAR		(9,418)	(10,438)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(9,418)	(10,438)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Equity shareholders of the Company		(9,418)	(10,438)
LOSS PER SHARE	23		
– Basic		(HK\$0.05)	(HK\$0.06)
– Diluted		(HK\$0.05)	(HK\$0.06)

The notes on pages 51 to 97 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2019

	NOTE	2019 HK\$'000	2018 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	58	60
TOTAL NON-CURRENT ASSETS		58	60
CURRENT ASSETS			
Financial assets at fair value through profit or loss	11	2,474	–
Available-for-sale investments	12	–	13,679
Deposits, prepayments and other receivables	13	477	1,396
Cash and cash equivalents	14	12,848	12,639
TOTAL CURRENT ASSETS		15,799	27,714
CURRENT LIABILITIES			
Accruals and other payables	15	486	524
Deposit received	16	–	7,500
TOTAL CURRENT LIABILITIES		486	8,024
NET CURRENT ASSETS		15,313	19,690
NET ASSETS		15,371	19,750
CAPITAL AND RESERVES			
Share capital	17	17,280	17,280
Reserves	18	(1,909)	2,470
TOTAL EQUITY		15,371	19,750
NET ASSET VALUE PER SHARE	21	HK\$0.09	HK\$0.11

Wang Kaizhen
Director

He Luling
Director

The notes on pages 51 to 97 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital	Share premium	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2017	17,280	37,786	(24,878)	30,188
Loss and total comprehensive loss for the year	–	–	(10,438)	(10,438)
Balance at 31 March 2018 <i>(Note)</i>	17,280	37,786	(35,316)	19,750
Impact on initial application of HKFRS 9	–	–	5,039	5,039
Adjusted balance at 1 April 2018	17,280	37,786	(30,277)	24,789
Loss and total comprehensive loss for the year	–	–	(9,418)	(9,418)
Balance at 31 March 2019	17,280	37,786	(39,695)	15,371

Note: The Company has initially applied HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See Note 2(c).

The notes on pages 51 to 97 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2019

	2019 HK\$'000	2018 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(9,418)	(10,438)
Adjustments for:		
Bank interest income	(105)	(12)
Net investment loss	137	–
Impairment loss on available-for-sale investment	–	527
Loss on disposal of available-for-sale investment	–	1,558
Depreciation	22	12
Operating loss before changes in working capital	(9,364)	(8,353)
Proceeds from return of capital of financial assets at fair value through profit or loss	2,200	–
Proceeds from disposal of financial assets at fair value through profit or loss	6,407	–
Net proceeds from sale of available-for-sale investments	–	2,797
Decrease in deposits, prepayments and other receivables	924	1,706
(Decrease)/increase in accruals and other payables	(38)	361
Increase in deposit received	–	7,500
NET CASH GENERATED FROM OPERATING ACTIVITIES	129	4,011
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(20)	(72)
Bank interest received	100	12
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	80	(60)
NET INCREASE IN CASH AND CASH EQUIVALENTS	209	3,951
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	12,639	8,688
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12,848	12,639
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,921	4,742
Short-term bank deposits with original maturity within three months	10,927	7,897
	12,848	12,639

The notes on pages 51 to 97 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2019

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.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 2(c) 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 and prior 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 (see Note 2(d)).

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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Company. Of these, the following developments are relevant to the Company's financial statements:

- (i) HKFRS 9, *Financial instruments*
- (ii) HKFRS 15, *Revenue from contracts with customers*

The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

The Company has been impacted by HKFRS 9 in relation to classification and measurement of financial assets, but not materially impacted by HKFRS 15. Details of changes in accounting policies are discussed in Note 2(c)(i) for HKFRS 9 and Note 2(c)(ii) for HKFRS 15.

(i) **HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation***

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Company has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Company has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses at 1 April 2018.

HK\$'000

Accumulated losses

Remeasurement of unlisted fund and equity investments from
cost less impairment losses to fair value through profit or loss
at 1 April 2018 and net decrease in accumulated losses at 1 April 2018

5,039

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Changes in accounting policies *(continued)*

(i) HKFRS 9, *Financial instruments, including the amendments to HKFRS 9, Prepayment features with negative compensation* *(continued)*

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. *Classification of financial assets and financial liabilities*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (“FVOCI”) and at fair value through profit or loss (“FVPL”). These supersede HKAS 39’s categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the original measurement categories for each class of the Company’s financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018	Reclassification	Remeasurement	HKFRS 9 carrying amount at 1 April 2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets carried at FVPL				
Unlisted fund and equity investments <i>(Note (i))</i>	–	13,679	5,039	18,718
Financial assets classified as available-for-sale under HKAS 39 <i>(Note (i))</i>	13,679	(13,679)	–	–

Note:

- (i) Under HKAS 39, the unlisted fund and equity investments were classified as available-for-sale financial assets and stated at cost less impairment losses. They are classified as at FVPL under HKFRS 9.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Changes in accounting policies *(continued)*

(i) HKFRS 9, *Financial instruments, including the amendments to HKFRS 9, Prepayment features with negative compensation* *(continued)*

a. *Classification of financial assets and financial liabilities* *(continued)*

For an explanation of how the Company classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see respective accounting policy notes in Note 2(d) and Note 2(h).

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The Company did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

b. *Credit losses*

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the “expected credit loss” (“ECL”) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in HKAS 39.

The Company applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, deposits and other receivables);

For further details on the Company’s accounting policy for accounting for credit losses, see Note 2(d).

The Company has concluded that there would be no material impact for initial application of new impairment requirements.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Changes in accounting policies *(continued)*

(i) **HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation*** *(continued)*

c. *Transition*

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in accumulated losses as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.
- The assessment of the determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Company).

(ii) **HKFRS 15, *Revenue from contracts with customers***

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Company assessed the impacts of adopting HKFRS 15 on its financial statements. Based on the assessment, the adoption of HKFRS 15 has no material impact on the Company's revenue recognition.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments

(A) Policy applicable from 1 April 2018

(i) *Recognition and initial measurement of financial assets and liabilities*

A financial asset or financial liability is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are measured initially at fair value, plus, for instruments not classified as at fair value through profit or loss, any directly attributable transaction costs.

(ii) *Classification and subsequent measurement of financial assets*

Financial assets held by the Company are classified into one of the following measurement categories:

- amortised cost, if the financial instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest (“SPPI”). Interest income from the investment is calculated using the effective interest method (see Note 2(l)(ii)).
- fair value through other comprehensive income (“FVOCI”) – recycling, if the contractual cash flows of the financial instrument comprise solely payments of principal and interest and the financial instrument is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the financial asset is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value at profit or loss (“FVPL”) if the financial asset does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the financial assets (including interest) are recognised in profit or loss.

However, the Company may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Company may irreversibly elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies, in other comprehensive income (“OCI”) and
- the Company may irreversibly designate a debt instrument that meets the amortised cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(A) Policy applicable from 1 April 2018 *(continued)*

(ii) Classification and subsequent measurement of financial assets *(continued)*

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are SPPI. For an asset to be classified and measured at fair value through other comprehensive income, its contractual cash flows of the financial instrument comprise solely payments of principal and interest and the financial instrument is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. For an asset to be classified and measured at fair value at profit or loss the financial instrument does not meet the criteria for being measured at amortised cost or FVOCI.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company's business models for managing its financial instruments reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(A) Policy applicable from 1 April 2018 *(continued)*

(ii) *Classification and subsequent measurement of financial assets (continued)*

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called “worst case” or “stress case” scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company’s key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Financial assets carried at amortised cost and fair value through other comprehensive income are subject to impairment.

(iii) *Classification and subsequent measurement of financial liabilities*

Financial liabilities are classified as measured at FVPL or amortised cost.

A financial liability is classified as at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net fair value gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities, including accruals and other payables, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iv) *Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, deposits and other receivables);

Financial assets measured at fair value, including fund and equity investment measured at FVPL, are not subject to the ECL assessment.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(A) Policy applicable from 1 April 2018 *(continued)*

(iv) Impairment of financial assets *(continued)*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

In measuring ECLs, the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

For all deposits and other receivables, the Company recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The Company monitor all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime ECLs rather than 12-month ECLs.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(A) Policy applicable from 1 April 2018 *(continued)*

(iv) Impairment of financial assets *(continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Company considers that a default event occurs when the counterparty is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(A) Policy applicable from 1 April 2018 *(continued)*

(iv) Impairment of financial assets *(continued)*

Basis of calculation of interest income on credit-impaired financial assets

Interest income recognised in accordance with Note 2(l)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Company assesses whether a financial asset is credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(A) Policy applicable from 1 April 2018 *(continued)*

(v) Fair value measurement

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same; net assets value; discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of the reporting period. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

In estimating the fair value of a financial asset and financial liability, the Company considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Company obtains market data from the same market where the financial instrument was originated or purchased.

(vi) Derecognition of financial assets and financial liabilities

Financial assets (or a part of a financial asset or group of financial assets) are derecognised when the financial assets meet one of the following conditions:

- the contractual rights to the cash flows from the financial asset expire; or
- the Company transfers substantially all the risks and rewards of ownership of the financial assets or where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the control over that asset is relinquished.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Company continues to recognise the financial asset and relevant liability to the extent of its continuing involvement in the financial asset.

The financial liability (or part of it) is derecognised only when the underlying present obligation (or part of it) specified in the contracts is discharged, cancelled or expired. An agreement between the Company and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(A) Policy applicable from 1 April 2018 *(continued)*

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis, or by realising the asset and settling the liability simultaneously.

(B) Policy applicable prior to 1 April 2018

(i) Recognition and initial measurement of financial assets and liabilities

A financial asset or financial liability was recognised in the statement of financial position when the Company became a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities were measured initially at fair value, plus, for instruments not classified as at fair value through profit or loss, any directly attributable transaction costs. For financial assets and liabilities at fair value through profit or loss, any attributable transaction costs were charged to profit or loss.

(ii) Classification and subsequent measurement of financial assets and liabilities

The Company classified financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and liabilities at fair value through profit or loss, loans and receivables, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities were categorised as follows:

- Financial assets and financial liabilities were designated at fair value through profit or loss upon initial recognition in either of the following circumstances:
 - (a) the financial assets or financial liabilities were managed, evaluated and reported internally on a fair value basis;
 - (b) the designation eliminated or significantly reduced the discrepancies in the recognition or measurement of relevant gains or losses arising from the different basis of measurement of the financial assets or financial liabilities;
 - (c) the financial assets or financial liabilities contained an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or
 - (d) the separation of the embedded derivatives from the financial instruments was prohibited.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss were measured at fair value, without any deduction for transactions costs that might occur on sale, and changes therein were recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(B) Policy applicable prior to 1 April 2018 *(continued)*

(ii) Classification and subsequent measurement of financial assets and liabilities *(continued)*

– Loans and receivables

The Company's loans and receivables mainly comprised of deposits and other receivables.

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market.

Subsequent to initial recognition, loans and receivables were stated at amortised cost using the effective interest method, less any impairment losses (see Note 2(d)(B)(iii)).

– Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that were designated as available-for-sale or were not classified as another category of financial assets. Available-for-sale investments mainly comprised equity securities. Unquoted equity securities whose fair value could not be measured reliably were carried at cost. All other available-for-sale investments were measured at fair value after initial recognition.

Interest income was recognised in profit or loss using the effective interest method (see Note 2(l)(ii)). Dividend income was recognised in profit or loss when the Company became entitled to the dividend (see Note 2(l)(i)). Impairment losses were recognised in profit or loss (see Note 2(d)(B)(iii)).

Other fair value changes, other than impairment losses (see Note 2(d)(B)(iii)), were recognised in other comprehensive income and presented in the fair value reserve within equity. When the investment was derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(B) Policy applicable prior to 1 April 2018 *(continued)*

(ii) Classification and subsequent measurement of financial assets and liabilities *(continued)*

– Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss were classified as other financial liabilities.

Subsequent to initial recognition, other financial liabilities were measured at amortised cost using the effective interest method.

(iii) Impairment of financial assets

Prior to 1 April 2018, an “incurred loss” model was used to measure impairment losses on financial assets not classified as at fair value through profit or loss (e.g. available-for-sale investments, deposits and other receivables). Under the “incurred loss” model, an impairment loss was recognised only when there was objective evidence of impairment.

Objective evidence of impairment included:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- disappearance of an active market for financial assets because of financial difficulties of the issuer;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(B) Policy applicable prior to 1 April 2018 *(continued)*

(iii) Impairment of financial assets *(continued)*

If any such evidence existed, an impairment loss was determined and recognised as follows:

- For deposits and other receivables, the impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

When the recovery of financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Company was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

- For unquoted investments carried at cost, the impairment loss was measured as the difference between the carrying amount of the financial assets and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting was material. Impairment losses for equity securities carried at cost were not reversed.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(B) Policy applicable prior to 1 April 2018 *(continued)*

(iv) Fair value measurement

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of the reporting period. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

In estimating the fair value of a financial asset and financial liability, the Company considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Company obtains market data from the same market where the financial instrument was originated or purchased.

(v) Derecognition of financial assets and financial liabilities

Financial assets (or a part of a financial asset or group of financial assets) are derecognised when the financial assets meet one of the following conditions:

- the contractual rights to the cash flows from the financial asset expire; or
- the Company transfers substantially all the risks and rewards of ownership of the financial assets or where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the control over that asset is relinquished.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Company continues to recognise the financial asset and relevant liability to the extent of its continuing involvement in the financial asset.

The financial liability (or part of it) is derecognised only when the underlying present obligation (or part of it) specified in the contracts is discharged, cancelled or expired. An agreement between the Company and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments *(continued)*

(B) Policy applicable prior to 1 April 2018 *(continued)*

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis, or by realising the asset and settling the liability simultaneously.

(e) Plant and equipment

The items of plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(f)).

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Furniture and fixtures	5 years
– Computers	3 years

Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that plant and equipment may be impaired.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Impairment of non-financial assets *(continued)*

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Company

Assets that are held by the Company under leases which transfer to the Company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases.

(ii) Operating lease charges

Where the Company has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(d).

(i) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(j) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Income tax *(continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority.

(k) Provisions and contingent liabilities

Provisions are recognised when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Company, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Company takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Revenue and other income *(continued)*

Further details of the Company's revenue and other income recognition policies are as follows:

(i) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(d)(A)(iv)).

(iii) Realised/unrealised gains or losses from financial assets at FVPL

Net gains (losses) on financial assets at FVPL are recognised on the transaction dates when the relevant contract notes are exchanged and unrealised fair value gains (losses) on financial assets at FVPL are recognised in the period in which they arise.

(m) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

Notes to the Financial Statements

For the year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Related parties

- (a) 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 the key management personnel of the Company or the Company's parent.
- (b) 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 (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (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.
 - (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 an entity related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(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).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(o) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Financial Statements

For the year ended 31 March 2019

3. ACCOUNTING JUDGEMENT AND ESTIMATES

Note 25 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimation uncertainty are as follows:

Fair value of financial instruments

The Company's unlisted fund investment of HK\$2,474,000 as at 31 March 2019 is measured at fair value by an independent firm of professional valuers (the "Valuer") with fair value being determined based on unobservable inputs using valuation technique. Judgements and estimation are required in establishing the relevant valuation technique and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair value of this investment. See Note 26(a) for further disclosure.

4. 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.

5. NET INVESTMENT LOSS

	2019 HK\$'000	2018 HK\$'000
Net realised loss from disposal of financial assets at fair value through profit or loss	(877)	–
Net unrealised fair value changes of financial assets at fair value through profit or loss	740	–
	(137)	–

6. OTHER INCOME

	2019 HK\$'000	2018 HK\$'000
Bank interest income	105	12
Net exchange gain	43	3
	148	15

Notes to the Financial Statements

For the year ended 31 March 2019

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2019 HK\$'000	2018 HK\$'000
Auditors' remuneration		
– Audit services	280	173
– Non-audit services	120	380
Investment manager fee	686	345
Legal and professional fees	1,908	2,153
Depreciation	22	12
Operating lease payments	600	785
Staff costs		
– Salaries, bonuses and other benefits	4,339	3,133
– Mandatory provident fund contributions (<i>see note below</i>)	44	44

Note: The Company operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

8. INCOME TAX

- 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 (2018: Nil).
- No provision for overseas tax has been made in these financial statements, as the Company has no profit derived from overseas.
- Deferred tax assets are recognised for tax loss carried forward to the extent that the realization of the related tax benefit through utilisation against future taxable profits is probable. At 31 March 2019, the Company had tax losses of approximately HK\$52,981,000 (2018: approximately HK\$43,553,000) that are available to be carried forward indefinitely for offsetting against future taxable profits. The unused tax losses have not been agreed with the Hong Kong Inland Revenue Department.

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future tax profit streams.

Notes to the Financial Statements

For the year ended 31 March 2019

8. INCOME TAX (continued)

(d) Reconciliation between tax expenses and accounting loss at applicable tax rate is as follows:

	2019 HK\$'000	2018 HK\$'000
Loss before taxation	(9,418)	(10,438)
Tax at the applicable rate of 16.5% (2018: 16.5%)	(1,554)	(1,722)
Tax effect of non-taxable income	(24)	(2)
Tax effect of non-deductible expenses	23	526
Tax effect of temporary difference not recognised	–	(8)
Tax effect of tax loss not recognised	1,555	1,206
Total income tax	–	–

9. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2019 HK\$'000	2018 HK\$'000
<i>Fees:</i>		
Executive Director	–	10
Non-executive Director	80	63
Independent Non-executive Directors	340	301
<i>Other emoluments:</i>		
Executive Directors		
– Salaries and benefits in kind	890	860
– Discretionary bonuses	735	245
– Retirement benefit scheme contributions	9	18
	2,054	1,497

Notes to the Financial Statements

For the year ended 31 March 2019

9. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS *(continued)*

(a) Directors' emoluments *(continued)*

The emoluments of each director, on a named basis, for the year ended 31 March 2019 are set out below:

	Directors' fees HK\$'000	Salaries and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>					
Lee Wai Tsang, Rosa ⁽¹⁾	–	410	735	9	1,154
Wang Kaizhen ⁽²⁾	–	480	–	–	480
<i>Non-Executive Director</i>					
He Luling ⁽⁴⁾	80	–	–	–	80
<i>Independent Non-executive Directors</i>					
Ma Yin Fan ⁽⁴⁾	180	–	–	–	180
Yan Yan ⁽⁴⁾	80	–	–	–	80
Xu Yanfa ⁽⁴⁾	80	–	–	–	80
	420	890	735	9	2,054

The emoluments of each director, on a named basis, for the year ended 31 March 2018 are set out below:

	Directors' fees HK\$'000	Salaries and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>					
Lee Wai Tsang, Rosa ⁽¹⁾	–	820	245	18	1,083
Huang Zhijian ⁽³⁾	–	40	–	–	40
Lee Wai Wang, Robert ⁽³⁾	10	–	–	–	10
<i>Non-Executive Director</i>					
He Luling ⁽⁴⁾	63	–	–	–	63
<i>Independent Non-executive Directors</i>					
Ma Yin Fan ⁽⁴⁾	142	–	–	–	142
Yan Yan ⁽⁴⁾	63	–	–	–	63
Xu Yanfa ⁽⁴⁾	63	–	–	–	63
Lu Fan ⁽³⁾	11	–	–	–	11
Chow Yunxia, Carol ⁽³⁾	11	–	–	–	11
Lam Chi Wai ⁽³⁾	11	–	–	–	11
	374	860	245	18	1,497

Notes to the Financial Statements

For the year ended 31 March 2019

9. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS *(continued)*

(a) Directors' emoluments *(continued)*

⁽¹⁾ Lee Wai Tsang, Rosa resigned on 1 October 2018.

⁽²⁾ Wang Kaizhen was appointed on 1 October 2018.

⁽³⁾ Huang Zhijian, Lee Wai Wang, Robert, Lu Fan, Chow Yunxia, Carol and Lam Chi Wai resigned as directors of the Company on 16 June 2017.

⁽⁴⁾ He Luling, Ma Yin Fan, Yan Yan and Xu Yanfa were appointed as directors of the Company on 16 June 2017.

During the year, there was no arrangement under which a director has waived or agreed to waive any remuneration (2018: Nil). No emoluments were paid or payable by the Company to any of the directors as an inducement to join or upon joining the Company or as compensation for loss of office (2018: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

No transaction, arrangement and contract of significance to which the Company was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

(c) Individuals with highest emoluments

Of the individuals with the highest emoluments in the Company, the numbers of directors and other staff are as follows:

	2019 Number of individuals	2018 Number of individuals
Number of directors	2	2
Number of other staff	3	3
	5	5

The emoluments of the above directors are disclosed in Note 9(a).

The emoluments of the above other staff are as follows:

	2019 HK\$'000	2018 HK\$'000
Salaries and other emoluments	2,081	1,623
Discretionary bonuses	60	20
Retirement benefit scheme contributions	27	26
	2,168	1,669

Notes to the Financial Statements

For the year ended 31 March 2019

9. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS *(continued)*

(c) Individuals with highest emoluments *(continued)*

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	2019 Number of employees	2018 Number of employees
Nil to HK\$1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	1	–
	3	3

During the year, there was no arrangement under which an individual waived or agreed to waive any remuneration (2018: Nil). No emoluments were paid or payable by the Company to any of the individuals as an inducement to join or upon joining the Company or as compensation for loss of office (2018: Nil).

During the year, no share options were granted to any of the Company's directors or the above highest paid individuals in respect of their services to the Company (2018: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$'000	Computers HK\$'000	Total HK\$'000
Cost:			
At 1 April 2017	–	–	–
Additions	30	42	72
At 31 March 2018 and 1 April 2018	30	42	72
Additions	4	16	20
At 31 March 2019	34	58	92
Accumulated depreciation:			
At 1 April 2017	–	–	–
Charge for the year	4	8	12
At 31 March 2018 and 1 April 2018	4	8	12
Charge for the year	6	16	22
At 31 March 2019	10	24	34
Net book value:			
At 31 March 2019	24	34	58
At 31 March 2018	26	34	60

Notes to the Financial Statements

For the year ended 31 March 2019

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	31 March 2019 HK\$'000	1 April 2018 HK\$'000	31 March 2018 HK\$'000
Unlisted equity investments (trading and investment securities) – at fair value				
Investments in equity securities	(i), (ii)	–	14,784	–
Unlisted fund investment (trading and investment securities) – at fair value				
Unlisted partnership investment	(ii)	2,474	3,934	–
		2,474	18,718	–

Notes:

- (i) All of unlisted equity securities were disposal of during the year ended 31 March 2019, details of which are disclosed in Note 12(a).
- (ii) Available-for-sale investments were reclassified to financial assets measured at FVPL upon the initial application of HKFRS 9 at 1 April 2018 (see Note 2(c)(i)).

A brief description of the business information of the unlisted fund investment is as follows:

CMHJ TECHNOLOGY FUND II, L.P. (“CMHJ”)

CMHJ is a limited partnership registered pursuant to the Exempted Limited Partnership Law of the Cayman Islands on 28 September 2005. 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-IPO companies in the technology-enabled services and products industries with markets and/or operations in Mainland China.

During the year, the Company did not receive any cash dividend from CMHJ (2018: Nil).

Particulars of the unlisted partnership investment as at 31 March 2019 were as follows:

Name of limited partnership	Nature of business	Percentage of interest held (%)	Net assets attributable to the investment (%)	Cost at 31 March 2019 HK\$'000	Carrying amount at 31 March 2019 HK\$'000
CMHJ Technology Fund II, L.P. (“CMHJ”)	Investing in equity securities of privately held companies in the industries of technologies enabled services and products industries in the Mainland China	2.8%	16%	11,193	2,474

Notes to the Financial Statements

For the year ended 31 March 2019

12. AVAILABLE-FOR-SALE INVESTMENTS

	Notes	2019 HK\$'000	2018 HK\$'000
Unlisted equity investments, at cost less impairment	(a)	–	9,678
Unlisted partnership investment, at cost less impairment	(b)	–	4,001
		–	13,679

Note: Upon application of HKFRS 9 on 1 April 2018, the Company's unlisted partnership investment and unlisted equity investments were reclassified from available-for-sale investments to financial assets at FVPL-trading and investment securities (see Note 2(c)(i)).

(a) Unlisted equity investments

The unlisted equity investments represented investments in unlisted equity interests in private enterprises established in the People's Republic of China (the "PRC") and the British Virgin Islands.

There was no active market for these equity investments as the companies are privately held. The fair values of these equity investments were determined firstly by reference to the investment considerations, which were negotiated at arm's length between the directors and the investee companies. In addition, the directors have considered the development of the investee companies of the future growth potential and the prospective growth of the value of the shares. On account of such analysis, the directors would consider if there have been any material changes to the equity investments that would lead to a change in the carrying values of these available-for-sale investments from the dates of their acquisition to 31 March 2018. Impairment loss on these investments was recognised under relevant accounting principles in profit or loss in accordance with the policy set out in Note 2(d)(B)(iii).

Particulars of the unlisted equity investments as at 31 March 2018 were as follows:

Name of investee company	Nature of business	No. of shares held	Percentage of Interest held (%)	Net assets attributable to the investment (%)	Cost at 31 March 2018 HK\$'000	Cost less impairment at 31 March 2018 HK\$'000
Tianjin Yishang Friendship Holdings Company Ltd.	Operation of department stores and home retail shops	8,711,964	3.955%	48%	9,434	9,434
Joyport Holdings Limited	Online game development, distribution and operation	1,231,600	5.00%	1%	1,551	244
					10,985	9,678

Notes to the Financial Statements

For the year ended 31 March 2019

12. AVAILABLE-FOR-SALE INVESTMENTS (continued)

(a) Unlisted equity investments (continued)

	2018 HK\$'000
Equity investments, at cost:	
Cost at 1 April 2017	15,340
Disposal of investment	(4,355)
Cost at 31 March 2018	10,985
Less: Accumulated impairment losses at 31 March 2018	(1,307)
Carrying amount at 31 March 2018	9,678

The movements on the accumulated impairment losses in respect of equity investments during the year ended 31 March 2018 were as follows:

	2018 HK\$'000
At beginning of the year	(780)
Impairment loss made on available-for-sale investment	(527)
At end of the year	(1,307)

A brief description of the business information of the equity investments is as follows:

Tianjin Yishang Friendship Holdings Company Ltd ("Tianjin Yishang")

Tianjin Yishang is a sino-foreign enterprise incorporated in the PRC on 6 January 2006 under a re-organisation whereby Tianjin Yishang Development Company Limited, a stated-owned enterprise in the PRC, was converted into Tianjin Yishang. The business activities of Tianjin Yishang and its subsidiaries and branches are to operate department stores and home retail shops in the PRC.

Notes to the Financial Statements

For the year ended 31 March 2019

12. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

(a) Unlisted equity investments *(continued)*

Tianjin Yishang Friendship Holdings Company Ltd (“Tianjin Yishang”) *(continued)*

The unaudited financial information of Tianjin Yishang was as follows:

	For the year ended 31/12/2017 RMB'000 (Unaudited)
Profit for the year	8,305
Net asset value	743,018

During the year ended 31 March 2018, the Company did not receive any cash dividend from Tianjin Yishang.

On 1 December 2017, the Company entered into a conditional share transfer agreement (the “TJYS Share Transfer Agreement”) with an independent third party to dispose of all the 8,711,964 shares, representing approximately 3.955% of the entire equity interest in Tianjin Yishang held by the Company (the “Sale Interest”) at a cash consideration of HK\$15,000,000. The disposal of the Sale Interest (the “TJYS Disposal”) constituted a very substantial disposal of the Company under the Listing Rules. A special general meeting of the Company was held on 15 February 2018 in which the TJYS Disposal was approved by the shareholders of the Company. First payment of the disposal consideration of HK\$7,500,000 was received by the Company in February 2018 in accordance with the terms of the TJYS Share Transfer Agreement and has been recognised as deposit received in the statement of financial position as at 31 March 2018. On 29 March 2018, the Company and the purchaser mutually agreed to extend the longstop date of the TJYS Share Transfer Agreement from 31 March 2018 to 31 May 2018 as additional time was required for the fulfilment of the conditions precedent to completion of the TJYS Disposal. The completion of the TJYS Disposal took place on 28 May 2018. As investment in Tianjin Yishang was reclassified to financial assets measured at FVPL upon the initial application of HKFRS 9 at 1 April 2018, its fair value at 1 April 2018 was determined based on the recent market transaction (i.e., with reference to the TJYS Disposal), no realised gain or loss from disposal of the equity interest in Tianjin Yishang held by the Company was recognised during the year ended 31 March 2019. Immediately upon completion of the TJYS Disposal, the Company ceased to have any equity interest in Tianjin Yishang.

Joyport Holdings Limited (“Joyport”)

Joyport is a limited liability company registered in the British Virgin Islands. It is engaged in the business of online game development, distribution and operation, and other related business directly or indirectly through its subsidiaries, affiliates and associated companies in the PRC. Joyport focuses on game development including but not limited to massive multiplayer online role-playing games and mobile games.

Notes to the Financial Statements

For the year ended 31 March 2019

12. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

(a) Unlisted equity investments *(continued)*

Joyport Holdings Limited (“Joyport”) *(continued)*

The unaudited financial information of Joyport was as follows:

	For the year ended 31/12/2017 RMB'000 (Unaudited)
Profit for the year	4,764
Net asset value	11,154

During the year ended 31 March 2018, the Company did not receive any cash dividend from Joyport.

On 5 December 2018, the Company entered into a settlement agreement (the “Settlement Agreement”) with Joyport and other shareholders of Joyport for the redemption of Joyport’s preferred shares. Pursuant to the Settlement Agreement, Joyport redeemed all the 1,231,600 Series B preferred shares of Joyport held by the Company. The redemption price consists of the cash portion of RMB150,000 and the delayed portion to be received by the Company over the next three to five years. The amount of the delayed portion may vary based on the calculation methods stipulated in the Settlement Agreement and depending on factors including Joyport’s revenue and available funds. Having considered the valuation performed by an independent valuer for the delayed portion of the redemption price, the financial position of Joyport and the recoverability of the delayed portion, the Company considered the fair value of contingent consideration receivable (i.e., the delayed portion of the redemption price) to be insignificant and there was no significant impact on the Company’s financial statements. During the year ended 31 March 2019, the disposal was completed, and approximately HK\$877,000 net realised loss from disposal of the equity interest in Joyport held by the Company was recognised. Immediately upon completion of the redemption of the Series B preferred shares held by the Company, the Company ceased to have any equity interest in Joyport.

(b) Unlisted fund investment

There was no active market for the investment as the interest in the limited partnership was privately held. The fair values of this investment were determined firstly by reference to the investment considerations, which were negotiated at arm’s length between the general partners and the third parties. In addition, the directors have considered the development of the limited partnership, and the prospective growth of the value of the investment. On account of such analysis, the directors consider that there have not been any material changes to the unlisted fund investment that would lead to a change in the fair value of this available-for-sale investment during the year ended 31 March 2018. Impairment loss on this investment was recognised under relevant accounting principles in profit or loss in prior years in accordance with the policy set out in Note 2(d)(B)(iii).

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For the year ended 31 March 2019

12. AVAILABLE-FOR-SALE INVESTMENTS *(continued)*

(b) Unlisted fund investment *(continued)*

Particulars of the unlisted partnership investment as at 31 March 2018 were as follows:

Name of limited partnership	Nature of business	Percentage of interest held (%)	Net assets attributable to the investment (%)	Cost less impairment as at 31 March 2018 HK\$'000
CMHJ Technology Fund II, L.P. ("CMHJ")	Investing in equity securities of privately held companies in the industries of technologies enabled services and products industries in the Mainland China	2.8%	20%	4,001
Cost at 1 April 2017 and 31 March 2018				13,393
Less: Accumulated impairment losses at 1 April 2017 and 31 March 2018				(9,392)
Carrying amount at 1 April 2017 and 31 March 2018				4,001

There were no movements on accumulated impairment losses in respect of investment in limited partnership during the year ended 31 March 2018.

A brief description of the business information of the limited partnership is as follows:

CMHJ TECHNOLOGY FUND II, L.P. ("CMHJ")

CMHJ is a limited partnership registered pursuant to the Exempted Limited Partnership Law of the Cayman Islands on 28 September 2005. 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-IPO companies in the technology-enabled services and products industries with markets and/or operations in Mainland China.

The audited net assets attributable to shareholders of CMHJ were as follows:

Net asset value attributable to shareholders	As at 31/12/2017 US\$'000	32,870
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During the year ended 31 March 2018, the Company did not receive any cash dividend from CMHJ.

Notes to the Financial Statements

For the year ended 31 March 2019

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019	2018
	HK\$'000	HK\$'000
Deposits and other receivables	192	186
Prepayments	285	1,210
	477	1,396

The carrying amounts of deposits and other receivables approximated their fair values as at 31 March 2019 and 2018. The Company does not hold any collateral over these balances.

The deposits and other receivables do not contain impaired assets.

The carrying amounts of deposits, prepayments and other receivables were denominated in the following currencies:

	2019	2018
	HK\$'000	HK\$'000
Hong Kong dollars	410	1,288
United States dollars	67	61
Renminbi	-	47
	477	1,396

The amount of deposits expected to be recovered after more than one year is approximately HK\$186,000 (2018: approximately HK\$186,000). All of the other deposits, prepayments and other receivables are expected to be recovered or recognised as expense within one year.

Notes to the Financial Statements

For the year ended 31 March 2019

14. CASH AND CASH EQUIVALENTS

	2019 HK\$'000	2018 HK\$'000
Cash and bank balances	1,921	4,742
Short-term bank deposits	10,927	7,897
	12,848	12,639

The carrying amounts of cash and cash equivalents were denominated in the following currencies:

	2019 HK\$'000	2018 HK\$'000
Hong Kong dollars	6,250	8,122
United States dollars	6,598	4,517
	12,848	12,639

15. ACCRUALS AND OTHER PAYABLES

	2019 HK\$'000	2018 HK\$'000
Accruals and other payables	486	524

The carrying amounts of accruals and other payables approximated their fair values as at 31 March 2019 and 2018 and were denominated in Hong Kong dollars.

All of accruals and other payables are expected to be settled within one year or are repayable on demand.

Notes to the Financial Statements

For the year ended 31 March 2019

16. DEPOSIT RECEIVED

	2019 HK\$'000	2018 HK\$'000
Deposit received for the disposal of Tianjin Yishang	–	7,500

The amount represented the first payment of consideration for the TJYS Disposal received by the Company before 31 March 2018 in accordance with the terms of TJYS Share Transfer Agreement. The disposal was completed during the year ended 31 March 2019. Details of the transaction are set out in Note 12(a) to the financial statements.

The carrying amount of deposit received approximated its fair value as at 31 March 2018 and was denominated in Hong Kong dollars.

17. SHARE CAPITAL

	2019 HK\$'000	2018 HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	100,000	100,000
Issued and fully paid:		
172,800,000 ordinary shares of HK\$0.10 each	17,280	17,280

Notes to the Financial Statements

For the year ended 31 March 2019

18. RESERVES

	Share premium <i>(see note below)</i> HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2017	37,786	(24,878)	12,908
Total comprehensive loss			
Net loss for the year	–	(10,438)	(10,438)
At 31 March 2018	37,786	(35,316)	2,470
Impact on initial application of HKFRS 9	–	5,039	5,039
Adjusted balance at 1 April 2018	37,786	(30,277)	7,509
Total comprehensive loss			
Net loss for the year	–	(9,418)	(9,418)
At 31 March 2019	37,786	(39,695)	(1,909)

Note: Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

19. CAPITAL MANAGEMENT

The Company's primary objective when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company actively reviews and manages its capital structure in the light of changes in economic conditions so as to maintain a sound capital position. Total capital is defined as shareholders' funds in the statement of financial position.

The Company is not subject to internally or externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 2018.

Notes to the Financial Statements

For the year ended 31 March 2019

20. OPERATING LEASE COMMITMENT

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31/3/2019 HK\$'000	As at 31/3/2018 HK\$'000
Within 1 year	50	561
After 1 year but within 5 years	–	89
	50	650

The Company is the lessee in respect of property held under operating lease. The lease typically runs for an initial period of around 2 years.

21. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the following information:

	As at 31/3/2019	As at 31/3/2018
Net assets (HK\$'000)	15,371	19,750
Number of ordinary shares in issue ('000)	172,800	172,800

22. DIVIDEND

The directors do not propose any dividend for the year ended 31 March 2019 (2018: Nil).

23. 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\$9,418,000 (2018: HK\$10,438,000) and the weighted average of 172,800,000 ordinary shares (2018: 172,800,000 ordinary shares) in issue during the year.

	2019 HK\$'000	2018 HK\$'000
Net loss attributable to ordinary equity shareholders	(9,418)	(10,438)
	2019 '000	2018 '000
Weighted average number of ordinary shares in issue	172,800	172,800

There were no dilutive potential ordinary shares during the year ended 31 March 2019 and 2018, and therefore diluted loss per share is the same as the basic loss per share.

Notes to the Financial Statements

For the year ended 31 March 2019

24. MATERIAL RELATED PARTY TRANSACTIONS

- (a) During the period from 1 April 2018 to 30 June 2018, Evergrande Securities (Hong Kong) Limited (“Evergrande”) in which its director, Mr. Lee Tak Lun is close family member of Ms. Lee Wai Tsang, Rosa, a former director of the Company, was the investment manager of the Company and was entitled to a monthly fee of HK\$28,750 (2018: a monthly fee of HK\$28,750) for the provision of investment management services to the Company. In addition, Evergrande had leased the office premises to the Company at a monthly rent of HK\$38,866.67 (exclusive of operating charges, rates and other outgoings) for a term of one year commencing on 20 November 2016 subject to renewal. The Tenancy Agreement expired on 19 November 2017. During the year, the Company has reimbursed Grand Finance Company Limited (“GFG”) on administrative expenses shared by the Company on a cost basis. Ms. Lee Wai Tsang, Rosa, a former director of the Company, was also a director of GFG.

Details of related party transactions for the year ended 31 March 2019 are as below:

	2019 HK\$'000	2018 HK\$'000
Investment manager fee paid to Evergrande	86	345
Rental expenses paid to Evergrande	–	297
Sharing of administrative expenses paid to GFG	39	155

The related party transactions in respect of investment manager fee, rental expenses and sharing of administrative expenses above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section “Connected Transactions” of the Report of the Directors.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Company, including amounts paid to the Company’s directors as disclosed in Note 9(a) and certain of the highest paid employees as disclosed in Note 9(c) is as follows:

	2019 HK\$'000	2018 HK\$'000
Short-term employee benefits	3,245	2,429
Retirement benefit scheme contributions	9	18
	3,254	2,447

Total remuneration for key management personnel is included in “Staff costs” (see Note 7).

Notes to the Financial Statements

For the year ended 31 March 2019

25. FINANCIAL RISKS MANAGEMENT

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

(a) Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk is primarily attributable to cash and cash equivalents and financial assets at fair value through profit or loss. The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are financial institutions with sound credit ratings. In this regard, the directors of the Company consider that the Company's credit risk on such financial institutions is low. Accordingly, cash and cash equivalents are subject to 12-month ECL assessment, and in the opinion of the Company's directors, the 12-month ECL's balance is not significant.

The credit risk of the Company's other financial assets, which comprise investments at fair value through profit or loss, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments. The credit risk of investments at fair value through profit or loss are managed through an internal process. The credit quality of each investee company is investigated before an investment is made. The Company reviews and monitors the credit concentration of investments on a regular basis.

Other than concentration of credit risk on deposits with banks which are deposited with several banks with high credit ratings, the Company does not have any other significant concentration of credit risk.

The Company does not provide any guarantees which would expose the Company to credit risk.

(b) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash and bank deposits to meet liquidity requirements in the short and longer term. The directors are of the opinion that the Company does not have significant liquidity risk.

The following tables show the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Company can be required to pay:

	2019			2018		
	Contractual undiscounted cash outflow			Contractual undiscounted cash outflow		
	Within 1 year or on demand HK\$'000	Total HK\$'000	Carrying amount at 31 March 2019 HK\$'000	Within 1 year or on demand HK\$'000	Total HK\$'000	Carrying amount at 31 March 2018 HK\$'000
Financial liabilities						
Accruals and other payables	480	480	480	517	517	517

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25. FINANCIAL RISKS MANAGEMENT *(continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises primarily from bank deposits.

The Company does not anticipate significant impact to bank deposits because the interest rates of bank deposits are not expected to change significantly. Other than bank deposits which carry interest at prevailing market interest rates, the Company has no other significant interest-bearing assets or liabilities, therefore the Company's exposure to the interest rate risk is considered to be minimal.

(d) Foreign currency risk

Foreign currency risk refers to the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company mainly operates in Hong Kong with most of the operating costs denominated and settled in HK\$. The Company's exposure to foreign currency risk primarily arises from investments and bank balances denominated in US\$ against HK\$ as functional currency. During the year, the Company did not have foreign currency hedging policy but management continuously monitors the foreign exchange exposure. As HK\$ is pegged to US\$, the Company does not expect any significant movements in the US\$/HK\$ exchange rates. No sensitivity analysis in respect of the Company's financial assets denominated in US\$ is presented as in the opinion of the directors, such sensitivity analysis does not give additional value in view of insignificant movement in the US\$/HK\$ exchange rates at the reporting dates.

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Company's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable input.

Notes to the Financial Statements

For the year ended 31 March 2019

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT *(continued)*

(a) Financial assets and liabilities measured at fair value *(continued)*

Fair value hierarchy *(continued)*

The Company engages an independent professional valuer (the “Valuer”) performing valuation for its financial assets at fair value through profit or loss, which are categorised into Level 3 of the fair value hierarchy. The Valuer reports directly to the Company’s executive director. A valuation report with analysis of changes in fair value measurement is prepared by the Valuer at each interim and annual reporting date, and is reviewed and approved by the Company’s executive director. Discussion of the valuation process and results with the executive director and the audit committee is held twice a year, to coincide with the reporting dates.

At 31 March 2019, the only financial instrument of the Company carried at fair value was unlisted fund investment of approximately HK\$2,474,000. The instrument is measured at fair value on a recurring basis and its fair value measurements fall into Level 3 of the fair value hierarchy described above.

During the year ended 31 March 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Company’s policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 measurements

	Valuation techniques	Significant unobservable inputs
Unlisted fund investment	Adjusted net assets method	Underlying asset’s value

The fair value of unlisted fund investment is determined using adjusted net asset value. The fair value measurement is positively correlated to the underlying assets’ values. As at 31 March 2019, it is estimated that with other variables held constant, an increase/decrease in 5% of underlying assets’ values would have increased/decreased the Company’s profit by approximately HK\$124,000.

Notes to the Financial Statements

For the year ended 31 March 2019

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT *(continued)*

(a) Financial assets and liabilities measured at fair value *(continued)*

Information about Level 3 measurements (continued)

The movements during the year in the balance of Level 3 fair value measurements are as follows:

	2019		2018
	Unlisted equity investments HK\$'000	Unlisted fund investment HK\$'000	HK\$'000
Financial assets at fair value through profit or loss			
At 1 April	-	-	-
Impact on initial application of HKFRS 9	14,784	3,934	-
Adjusted balance at 1 April 2018	14,784	3,934	-
Capital investment returned during the year	-	(2,200)	-
Disposal of unlisted equity securities	(13,907)	-	-
Changes in fair value recognised in profit or loss during the year	(877)	740	-
At 31 March	-	2,474	-
Total gains or losses for the year included in profit or loss for asset held at the end of the reporting period	-	740	-
Total gains or losses for the year included in profit or loss for asset disposed of during the reporting period	(877)	-	-

From 1 April 2018, any gains or losses arising from the remeasurement of the Company's unlisted investments held for trading and short-term investment purposes are recognised in the profit or loss. Prior to 1 April 2018, the Company's unlisted investments were recognised in the statement of financial position at cost less impairment losses.

The gain arising from the remeasurement of unlisted fund investment and loss arising from the disposal of unlisted equity investments are presented in the "Net investment loss" line item in the statement of profit or loss and other comprehensive income.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Company's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 March 2018 and 2019.

Notes to the Financial Statements

For the year ended 31 March 2019

27. COMPARATIVE FIGURES

The Company has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 2(c).

28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
HKFRS 16, <i>Leases</i>	1 January 2019
HK(IFRIC) 23, <i>Uncertainty over income tax treatments</i>	1 January 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019

The Company is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Company has identified some aspects of the HKFRS 16 which may have a significant impact on the financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Company, and further impacts may be identified before the standard is initially applied in the Company's interim financial report for the six months ending 30 September 2019. The Company may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

As disclosed in Note 2(g), currently the Company classifies leases into operating leases. The Company enters into leases only as the lessee.

Notes to the Financial Statements

For the year ended 31 March 2019

28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019 *(continued)*

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Company’s accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss and other comprehensive income over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Company plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Company will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Company plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Company plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019 and will not restate the comparative information. As disclosed in Note 20, at 31 March 2019 the Company’s future minimum lease payments under non-cancellable operating leases amount to approximately HK\$50,000 for a property, all of which is payable within 1 year after the reporting date. The Company will need to perform a more detailed analysis to determine the amounts of right-of-use assets and lease liabilities arising from operating leases on initial adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 could have a material impact on the Company’s financial statements from 1 April 2019 onwards.

29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 20 June 2019.

Five-Year Financial Summary

For the year ended 31 March 2019

	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000
RESULTS					
Net investment (loss)/gain	(137)	–	309	(1,349)	117
(Loss)/Profit before taxation	(9,418)	(10,438)	(5,977)	(11,922)	1,131
Taxation	–	–	–	–	–
(Loss)/Profit attributable to equity shareholders of the Company	(9,418)	(10,438)	(5,977)	(11,922)	1,131
ASSETS AND LIABILITIES					
Total assets	15,857	27,774	30,351	36,352	48,250
Total liabilities	(486)	(8,024)	(163)	(187)	(163)
Equity attributable to equity shareholders of the Company	15,371	19,750	30,188	36,165	48,087
NET ASSET VALUE PER SHARE	HK\$0.09	HK\$0.11	HK\$0.17	HK\$0.21	HK\$0.28