



2019/20  
**ANNUAL  
REPORT**

優創金融集團控股有限公司  
YOUTH CHAMP FINANCIAL GROUP HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Stock Code: 1160

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wang Kaizhen

Ms. Chan Mei Yan (*appointed on 1 June 2020*)

### Non-Executive Directors

Mr. He Luling (*Chairman*)

Mr. Dong Licheng (*appointed on 8 May 2019  
and resigned on 31 August 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

Avanta Investment Management Limited

*(ceased to provide service from 1 June 2020)*

Unit D, 23/F, United Centre

No. 95 Queensway, Hong Kong

INV Advisory Limited

*(commenced providing service from 1 June 2020)*

Room 1710A, Convention Plaza Office Tower

No.1 Harbour Road, Wanchai, 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:

Yang Chan & Jamison LLP  
806-807, 8/F, One Pacific Place,  
88 Queensway,  
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 2020 (the “Year”), the Company recorded a loss for the year of approximately HK\$10,215,000 (2019: loss of approximately HK\$9,418,000), representing an increase in loss for the year of approximately HK\$797,000 as compared with the year ended 31 March 2019. Net investment loss of approximately HK\$1,104,000 was recognized this year as compared with the net investment loss of approximately HK\$137,000 recorded last year. The significant increase in net investment loss was mainly due to the unrealized fair value changes of the financial asset at fair value through profit or loss. The general and administrative expenses for the Year amounted to approximately HK\$9,110,000, representing a decrease of HK\$319,000 as compared with last year. The decrease was mainly due to the lower staff costs incurred.

## BUSINESS REVIEW AND PROSPECTS

During the Year, the Company continued to operate its investment management business and monitor its existing investment portfolio, and made no new investments.

In the four quarters of year 2019, China’s growth rate of GDP has reached 6.4%, 6.2%, 6.0% and 6.0%, respectively. A significant decrease starting from the third quarter was primarily due to reduced exports resulting from the trade war between China and the United States (“US”). Trade war between China and the United States also had a comprehensive impact on the Hong Kong stock market. Both A Shares and Hong Kong stock markets fluctuated, and the market became less optimistic about the relationship between China and US in the future. Stepping into the first quarter of year 2020, the economy was adversely affected by the global outbreak of COVID-19 and entered a period of recession and contracted in the first quarter, no matters it is the economy of Hong Kong, Mainland China, Europe, America, Japan and other developed economies. With the implementation of strict epidemic prevention and control measures in Hong Kong and Mainland China, Mainland China’s economy has recovered rapidly, but still has not restored to the pre-epidemic level.

Following the spread of the epidemic, the trade war between China and the US has intensified with no sign of compromise. Despite China and the United States reaching the first phase of the trade agreement at the end of year 2019, the scientific and technological war between the two sides has not stopped. Instead, it is gradually spreading. Thus the breadth and depth of the trade war between China and the United States may exceed the market’s expectation, and the future become more uncertain. The superimposed factors of COVID-19 will have a more profound implication on the real economy of China, the United States and even the world. China’s economy will gradually turn to the domestic, with the rise of the domestic consumer market as the main driver. The international developed economies will also change the global labor division and coordination in the past, promote the return of manufacturing industry and focus on the development of domestic industries. The world will shift from streamlining the organization structure, division of labor and coordination in the past to self-protection. Capital flows will also be affected.

In order to hedge the negative impact by the trade war between China and the US on China’s economy, it is expected that China will accelerate the pace of opening up by steps and liberalize international capital flows under the capital account, with an aim of bringing new opportunities for Hong Kong and Macao to play more roles as centers of international capital flows and RMB which will also create new opportunities for the Company’s future business development. Considering the current economic uncertainty and the growing trade war between China and the United States, the Company has prudently conducted its investment management. Looking forward, the global economic outlook is full of uncertainties. Yet we need to closely track the state of the domestic economy, continue to focus on equity investments in China’s domestic market, closely monitor the market situation and keep seeking investment opportunities with a prudent and cautious approach.

# Management Discussion and Analysis

## SIGNIFICANT INVESTMENTS HELD

As at 31 March 2020, 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 equity and equity-oriented securities of privately held early stage to pre-initial public offering companies in the technology-enabled services and products industries with substantial markets and/or operations in Mainland China.

As at 31 March 2020, 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\$1,370,000 which represented approximately 26.6% of the net assets of the Company. Loss arising from change in fair value of the CMHJ equity interests held by the Company of approximately HK\$1,104,000 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 2020.

## CHANGE OF COMPANY NAME

During the Year, 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.

## 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, if any potential investment opportunity arises in the coming future, the Company will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Company and the Shareholders as a whole.

## EVENTS AFTER THE REPORTING PERIOD

### Appointment of Executive Director

Ms. Chan Mei Yan was appointed as an executive Director of the Company and a member of the investment committee of the Company with effect from 1 June 2020. Details of the appointment of executive Director were disclosed in the announcement of the Company dated 29 May 2020.

### Continuing Connected Transactions – Change of Investment Manager

The Company entered into a new investment management agreement (the “New Investment Management Agreement”) with INV Advisory Limited (“INV Advisory” or the “New Investment Manager”) on 29 May 2020, pursuant to which INV Advisory has agreed to provide non-discretionary investment management services to the Company for a period of three years from 1 June 2020. The New Investment Manager is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules. Accordingly the provision of non-discretionary investment management services by the New Investment Manager to the Company under the New Investment Management Agreement constitutes continuing connected transactions of the Company. The maximum aggregated fee payable by the Company to the New Investment Manager under the New Investment Management Agreement will not exceed HK\$1,620,000 per annum. As the relevant percentage ratios for the transactions contemplated under the New Investment Management Agreement on an annual basis are less than 25% and that each of the annual caps is less than HK\$10,000,000, the transactions contemplated under the New Investment Management Agreement are subject to reporting and announcement requirements but are exempted from independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

# Management Discussion and Analysis

The Company has also terminated the investment management agreement between the Company and Avanta Investment Management Limited with effect from 1 June 2020.

Details of the change of investment manager of the Company were disclosed in the announcement of the Company dated 29 May 2020.

## DIVIDEND

The Directors did not recommend the payment of a dividend for the Year (2019: Nil).

## LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2020, the Company had cash and bank balances of approximately HK\$4,105,000 (2019: HK\$12,848,000). There was no long term borrowing and calculation of gearing ratio was not applicable (2019: N/A).

As at 31 March 2020, the Company had net assets of approximately HK\$5,156,000 (2019: HK\$15,371,000).

The Company has been experiencing losses in recent years. The loss attributable to equity shareholders of the Company for the years ended 31 March 2020 and 2019 was approximately HK\$10,215,000 and HK\$9,418,000, respectively.

In order to strengthen the capital base of the Company and to improve the Company's financial position, liquidity and cash flows, and otherwise to sustain the Company as a going concern, the board (the "Board") of directors (the "Directors") of the Company has adopted the following measures:

- (i) Renown Future Limited, a controlling shareholder of the Company, has undertaken to the Company to provide continuing financial support to the Company so as to enable the Company to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Company.
- (ii) The Board is considering various alternatives to strengthen the capital base of the Company through fund raising exercise, including but not limited to, a private placement, an open offer or rights issue of new shares of the Company.
- (iii) The Board continues to take action to tighten cost controls over various general and administrative expenses and is seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

In the opinion of the Board, in light of the measures taken to date, together with expected results of other measures in progress, the Company will have sufficient working capital for its future requirements and it is reasonable to expect that the Company is able to continue as a going concern in the future.

# Management Discussion and Analysis

## **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 2020, there was no charge on the Company’s assets or any significant contingent liabilities (2019: Nil).

## **COMMITMENTS**

The Company had no capital commitments as at 31 March 2020 (2019: Nil).

## **CAPITAL STRUCTURE**

As at 31 March 2020, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000 (2019: 172,800,000).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2020, the Company had 4 employees (2019:5), including the executive Director. The remuneration paid to the employees of the Company, including the executive Director, during the year amounted to approximately HK\$3,310,000 (2019: HK\$3,963,000).

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 2020 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 2020, 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 23 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 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 Director</i>		
Mr. Wang Kaizhen	4/4	100%
<i>Non-Executive Directors</i>		
Mr. He Luling (Chairman)	4/4	100%
Mr. Dong Licheng (appointed on 8 May 2019 and resigned on 31 August 2019)	1/1	100%
<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 2019 (the “2019 AGM”) on 13 August 2019 and a special general meeting (the “2019 SGM”) was held by the Company on 24 April 2019 during the Year. Mr. He Luling (the chairman of the Board) hosted the 2019 AGM and the 2019 SGM to ensure effective communication with the Shareholders. The following is the Directors’ attendance record of the aforesaid general meetings:

Name of Directors	No. of AGM Attended/Held	No. of SGM Attended/Held	Attendance Rate
<i>Executive Director</i>			
Mr. Wang Kaizhen	0/1	1/1	50%
<i>Non-Executive Directors</i>			
Mr. He Luling (Chairman)	1/1	1/1	100%
Mr. Dong Licheng (appointed on 8 May 2019 and resigned on 31 August 2019)	1/1	N/A	100%
<i>Independent Non-Executive Directors</i>			
Ms. Ma Yin Fan	1/1	0/1	50%
Ms. Yan Yan	1/1	1/1	100%
Mr. Xu Yanfa	0/1	0/1	0%

Pursuant to Code Provision A.6.7 of the CG Code, independent non-executive directors and non-executive directors, as equal board members, should attend general meeting of the Company. During the year, Mr. Xu Yanfa was unable to attend the annual general meeting of the Company held on 13 August 2019 as he had other business engagement. Besides, Ms. Ma Yin Fan and Mr. Xu Yanfa were unable to attend the special general meeting held on 24 April 2019 as they had other business engagements.

## 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 basis 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 Meetings Attended/Held	Attendance Rate
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. reviewing with the management and considering the accounting policies and practices adopted by the Company;
3. reviewing with the management the auditing, internal control and financial reporting matters of the Company; and
4. reviewing the work of the external auditors of the Company, evaluating their independence and performance, and making recommendation as to their appointment.

On 30 June 2020, 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 2021 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 one meeting in the Year. The following is the attendance record of the meeting held by the Remuneration Committee for the Year:

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

<b>Name of Committee Members</b>	<b>No. of Meeting Attended/Held</b>	<b>Attendance Rate</b>
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, three 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		
	40-49	50-59	60-69
Mr. Wang Kaizhen		✓	
Ms. Chan Mei Yan	✓		
Mr. He Luling			✓
Ms. Ma Yin Fan		✓	
Ms. Yan Yan	✓		
Mr. Xu Yanfa		✓	



# Corporate Governance Report

Name of Directors	Securities and fund industry	Marketing, public relations and the news and media industry	Auditing, accounting and taxation	Law	Pharmaceutical industry
Mr. Wang Kaizhen	✓				
Ms. Chan Mei Yan	✓				
Mr. He Luling		✓			
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 51 to 55 of this Annual Report.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective risk management and internal control systems of the Company. The Company’s risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against materials misstatement or loss.

### Main Features of the Risk Management and Internal Control Systems

The Company’s risk management and internal control systems are designed to achieve business objectives, safeguard the Company’s assets against unauthorised use or disposition, ensure compliance with applicable laws, rules and regulations and manage key risks that may impact the Company’s performance. The systems include a defined management structure with straightforward and clear reporting lines and authority limits. Other features include segregation of duties, proper maintenance of records, regular and timely financial reporting and performance review, establishment of a risk register for ongoing assessment and management of risks identified and allocation of sufficient resources for employees training and for seeking professional advice.

# Corporate Governance Report

## Process of Risk Management

An ongoing risk assessment and management approach is adopted by the Company for identifying, evaluating and managing the significant risks that could affect the achievements of its objectives. Risks are identified by analyzing the business activities across different functional areas and levels of the Company and identifying the threats that the Company faces, including the strategic risks, financial risks and technology risks etc. It is followed by assessment of the significance and likelihood of the risks qualitatively and quantitatively. A risk matrix is adopted to determine risk rating (H = high risk, M = medium risk, L = low risk) after evaluation of the risk by the likelihood and the impact of the risk event. The risk ratings reflect the level of attention and the effort of risk management required. Based on the risk ratings, management prioritizes the risk management resources and employs different risk management strategies such as prevention, transfer and mitigation to manage the risks identified.

## Review of Effectiveness of the Internal Control and Risk Management System

The Board acknowledges their responsibility for reviewing the effectiveness of the Company's risk management and internal control systems. During the Year, the Company has engaged a professional firm as an independent advisor to perform an annual review on the effectiveness of the risk management and internal control systems, covering the material financial, operational and compliance controls. The independent advisor developed an internal control review plan by prioritizing review areas based on the risk assessment results, conducted interviews with management and employees of the Company and evaluated and tested the Company's key internal control procedures. No significant weaknesses were identified and the internal control review report has been presented and reported to the Audit Committee. The Board and the Audit Committee have reviewed the internal control report issued by the independent advisor and considered the risk management and internal control systems effective and adequate.

## Procedures and Internal Controls for the Handling and Dissemination of Inside Information

With regard to the procedures and internal controls for the handling and dissemination of inside information, the Company is in compliance with the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance. The Company's disclosure policy sets out internal guidance on disclosure of inside information to the public in a fair, timely and appropriate manner and the Board is responsible for approving the dissemination of the information of the Company. To ensure strict confidentiality of inside information, confidential information is only released to relevant persons on a need-to-know basis, confidentiality clauses are incorporated into the Company's agreements and non-disclosure agreements may be signed in certain circumstances. Other measures such as sending timely blackout period notification to the Directors and relevant employees of the Company to remind them of the required standards regarding securities dealing restrictions are also adopted by the Company.

## 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. Mr. Ji Qiang resigned as the chief executive officer of the Company (the "Chief Executive Officer") with effect from 1 November 2019 and on the same day, Ms. Wang Biao has been appointed as the Chief Executive Officer. The Chairman and the Chief Executive Officer are two separate positions currently held by Mr. He Luling and Ms. Wang Biao, respectively, with clear distinction in responsibilities. 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.

# Corporate Governance Report

## 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

For the year ended 31 March 2020, the remunerations paid or payable to Crowe (HK) CPA Limited in respect of its audit services and other services are HK\$290,000 (2019: HK\$280,000) and HK\$125,000 (2019: HK\$120,000) respectively. Our Directors acknowledged their responsibility for preparing the accounts and a statement by the auditors about their reporting responsibilities.

## AUDITORS

The financial statements of the Company for the year ended 31 March 2020 were audited by Crowe (HK) CPA Limited, who were appointed as the Company's auditor on 18 October 2018 to fill the casual vacancy arising from the retirement of East Asia Sentinel Limited on 15 August 2018. Save as disclosed above, there has been no other change of auditors for the preceding three years.

# 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 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 deems appropriate. The Company's ability to pay dividends is also subject to the requirements of the Listing Rules and all relevant applicable laws, rules and regulations in 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 and Senior Management

## EXECUTIVE DIRECTORS

### Mr. Wang Kaizhen

Mr. Wang, aged 50, has been an executive Director since 1 October 2018. He also serves as the chairman of the investment committee of the Board. 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.

### Ms. Chan Mei Yan

Ms. Chan, aged 43, has been an executive Director since 1 June 2020. She also serves as a member of the investment committee of the Board. She obtained her Bachelor of Business Administration (Finance) (Honours) from the Hong Kong University of Science and Technology in 1999. Ms. Chan is a responsible officer for Type 4 regulated activity (advising on securities) and Type 9 regulated activity (asset management) under the Securities and Future Ordinance. She has more than 20 years of experience in investment management from 1999 onwards. Ms. Chan has been an executive director at INV Advisory Limited, the investment manager of the Company, since September 2016 and is responsible for portfolio construction and investment decision making, investment advisory, business development and strategic planning and supervision of all compliance matter including the Securities and Future Commission related regulations.

# Biographical Details of Directors and Senior Management

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

## NON-EXECUTIVE DIRECTOR

### Mr. He Luling

Mr. He, aged 65, 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.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### Ms. Ma Yin Fan

Ms. Ma, aged 56, 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. Ms. Ma is currently an independent non-executive director of China Strategic Holdings Limited (stock code: 235) and CST Group Limited (stock code: 985). The shares of the abovementioned companies are listed on the Main Board of the Hong Kong Stock Exchange.

# Biographical Details of Directors and Senior Management

## Ms. Yan Yan

Ms. Yan, aged 40, 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 57, 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.

## CHIEF EXECUTIVE OFFICER

### Ms. Wang Biao

Ms. Wang, aged 50, has been appointed as the chief executive officer of the Company since 1 November 2019. She graduated from the Tianjin University of Commerce in 1991 with a bachelor's degree in information management. Ms. Wang has nearly 25 years of work experience in investment management, corporate finance and corporate governance. Prior to joining the Company, Ms. Wang has served as the executive director of Zhongrong Guosheng (Beijing) Investment Fund Management Co., Ltd. responsible for the company's general operation and investment management since 2012. From 1998 to 2012, Ms. Wang was the executive officer of Tianjin Sunrise Group Co., Ltd. responsible for administration management and corporate investment and finance. From 1995 to 1998, Ms. Wang served as the deputy general manager of Tianjin Sunrise Kemao Co., Ltd. and was responsible for corporate investment and finance and administration management.



# 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 2020 (the “Year”), which were approved by the board of directors (the “Board”) of the Company on 30 June 2020.

## 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.

## CHANGE OF COMPANY NAME

During the Year, 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. 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. 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.

## BUSINESS REVIEW

The business review of the Company for the year ended 31 March 2020 is provided in the Management Discussion and Analysis section of this Annual Report.

The Company is committed to complying with and had complied with during the Year all environmental and social policies and other relevant laws and regulations relating to its business operating environment. The Company encourages its employees to understand, comply with and keep themselves abreast of the laws, rules and regulations applicable to their positions and the business operations of the Company. Trainings were offered to the employees from time to time to equip them with professional knowledge and to enable them to handle possible challenges ahead. The Board realizes the importance of fostering loyalty and mutual trust with its employees and other 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 and other stakeholders that have significant impacts on the Company and on which its success depends. The Environmental, Social and Governance Report set out on pages 31 to 50 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 2020 and the financial position of the Company as at 31 March 2020 are set out in the financial statements on pages 56 to 99.

## DIVIDEND

The Directors do not recommend the payment of a dividend for the Year (2019: Nil).

## ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “Annual General Meeting”) will be held on 27 August 2020.

# Report of the Directors

## **FIVE-YEAR FINANCIAL SUMMARY**

A summary of the results and assets and liabilities of the Company for the Year is set out on page 100. This summary does not form part of the audited financial statements.

## **RESERVES**

Details of movements in the reserves of the Company during the Year are set out in the statement of changes in equity on page 58.

## **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 2020, 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

Ms. Chan Mei Yan (*appointed on 1 June 2020*)

### **Non-executive Directors**

Mr. He Luling

Mr. Dong Licheng (*appointed on 8 May 2019 and resigned on 31 August 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, Mr. He Luling and Ms. Ma Yin Fan 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, Ms. Chan Mei Yan will retire at the forthcoming AGM and, being eligible, offer herself 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 2020, as far as the Directors are aware, the directors, chief executive 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	Approximate
				ordinary shares in the associated corporation	percentage of the issued share capital in the associated corporation
Renown Future Limited	He Luling	Beneficial owner	Long position	1	20%
	Wang Biao	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 2020.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2020, 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:*

1. 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.
2. 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.
3. The percentage of shareholding is calculated on the basis of 172,800,000 shares in the Company in issue as at 31 March 2020.

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 2020.

# 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 29 June 2018 (“Avanta Investment Management Agreement”), the Company appointed Avanta Investment Management Limited (“Avanta”) as the Company’s investment manager to provide the Company with investment management services for a term of three years, commencing on 1 July 2018, at the investment management fee of HK\$800,000 per annum. The Avanta Investment Management Agreement has been terminated with effect from 1 June 2020.

On 29 May 2020, the Company entered into a new investment management agreement (the “New Investment Management Agreement”) with INV Advisory Limited (“INV Advisory”), pursuant to which INV Advisory has agreed to provide non-discretionary investment management services to the Company at an investment management fee of HK\$1,620,000 per annum for a period of three years commencing from 1 June 2020.

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 Avanta 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 Avanta under the Avanta Investment Management Agreement amounted to HK\$800,000. 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\$46,800. 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.

The independent non-executive Directors had reviewed the above continuing connected transactions respectively contemplated under the aforementioned Investment Management Agreements and Custodian Agreement (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; and
- (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.

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 28 to 29 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.

## 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.

# Report of the Directors

## EVENT AFTER THE REPORTING PERIOD

### Appointment of Executive Director

Ms. Chan Mei Yan was appointed as an executive Director of the Company with effect from 1 June 2020. Details of the appointment were disclosed in the announcement of the Company dated 29 May 2020.

## 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

Crowe (HK) CPA Limited, Certified Public Accountants, was appointed as the auditors of the Company for the Year. The financial statements of the Company for the Year 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, 30 June 2020

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

This environmental, social and governance (“ESG”) report of Youth Champ Financial Group Holdings Limited (the “Company” or “We”) 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 2020 (the “Reporting Year”). This report elaborates our philosophy and practices in respect of social responsibility and the achievements we have made in economic, environment and social aspects. The Company primarily adopts the principles and basis of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting 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 of the Company and the external professional consultant, was set up 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 the sustainability and continued development of the Company. 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 our 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.

## 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. Communications with stakeholders enable the Company to better understand their views and to bring business practices 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.



# Environmental, Social and Governance Report

Stakeholders	Topic raised	Communication and responses
Government and regulator	Listing rules; Compliance with laws and regulations; Fulfill 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 rights.	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.

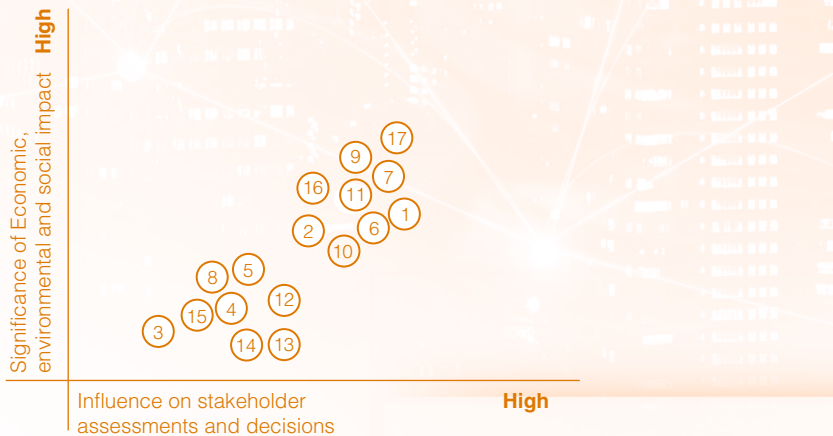
# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT

In addition to our established engagement channels with each of our stakeholder groups, we have completed a materiality assessment through stakeholders 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.
2. Stakeholders communication: understand and analyze the issues of concern to stakeholders.
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 rights protection             | ⑫ Energy consumption                                 |
| ③ Services quality and safety         | ⑬ Use of renewable materials                         |
| 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     |  |

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, anti-discrimination, human rights protection and diversity and equal opportunity, etc.

# Environmental, Social and Governance Report

## 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.

### Employee Welfare

We deeply understand the importance of work-life balance for employees and standardize the management of employees' working hours, holidays and rest periods. In addition to statutory holidays, the Company also provides employees with paid holidays including annual leave, sick leave, maternity leave, wedding leave, compassionate leave and study leave.

### 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.

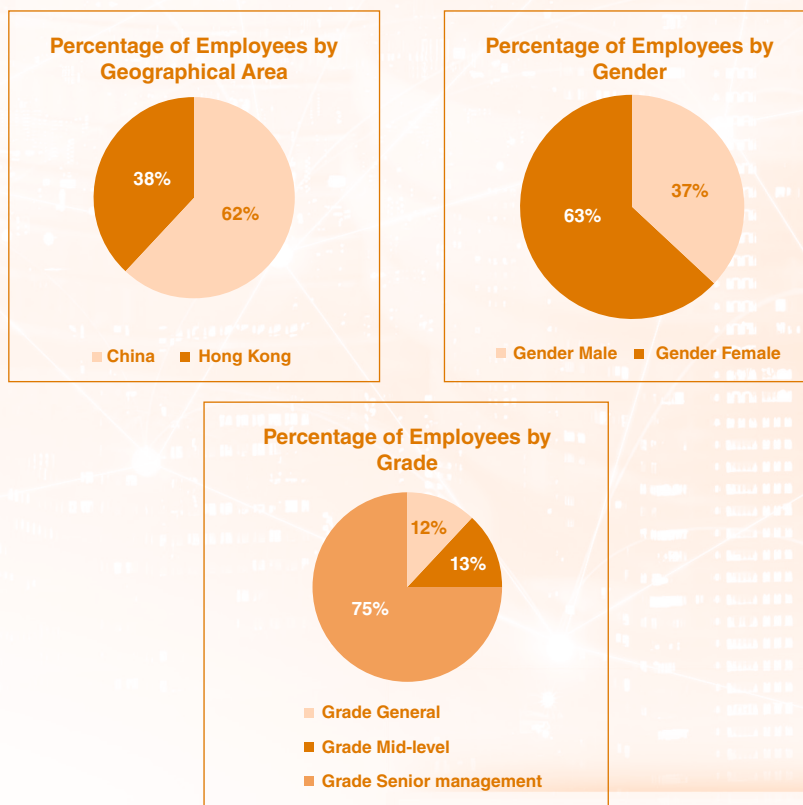
We strictly follow the relevant laws and regulations and our employment policies to select candidates based on skillsets, experience and expertise. Equality and diversity are highly respected in our corporate philosophy during the process of employment, remuneration, promotion and termination.

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).

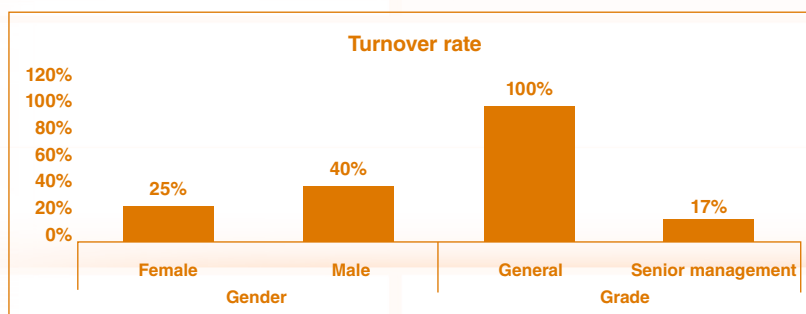
# Environmental, Social and Governance Report

## 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 2020, the Company had a total of 8 employees, including the directors. The proportion of female to male was around 63:37 in total and around 1:1 in senior management grade. Approximately 12% of the Company's employees were general staff, 13% were mid-level and 75% were senior management. Among the employees, about 38% were from Hong Kong and 62% from China.



As of 31 March 2020, the turnover rates for female and male were 25% and 40% respectively and for general staff and senior management were 100% and 17% respectively.

The Company has a diverse workforce in terms of gender and age, providing a variety of ideas and levels of competencies which contribute to the Company's success.

# Environmental, Social and Governance Report

## Compliance with 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 employees engagement in unacceptably dangerous and/or hazardous work, physical punishment, abuse, servitude, peonage or trafficking is allowed in any of our operations and services. The risk of the issues of child and forced labour is minimal in our operation. The Company performs relevant risk assessment to the operation of investment target before making investment and clearly communicate our concern and stands against child and forced labour to the investees. There was no child nor forced labor in the Company’s operation during the Year.

## 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’s policy and procedures.

## 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. As an investment company, the Company has a low safety risk profile, but potential injury hazards from slips, trips and falls for staffs remain. In order to protect our employees from injuries and accidents under adverse weather, we have established adverse weather working arrangement in our working guideline. 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;

# Environmental, Social and Governance Report

- 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 office;
- 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

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 or injury from workplace have been incurred. There was no loss of working days of any employee resulting from work injury.

## Health Protection

We employ professional companies to disinfect phones, keyboards, computers, and other office equipment in a timely manner; and clean glass windows, walls, carpets and deworm periodically. We regularly conduct inspections of items in the office, and promptly clean or replace items those that fail to meet the hygiene standards.

To lower the risk of negative impact from Covid-19 coronavirus and protect the employees, the Company adopts the following procedures:

- the management closely monitor the news and updates of the event of Covid-19 coronavirus and adjust the operations of employees accordingly if required;
- face-to-face meetings were cancelled or reduced to the minimum level in response to changing situations;
- virus prevention materials including surgical masks and disinfection supplies are prepared for the office and employees; and
- home office arrangement is adopted and continuously reviewed to lower the risk of infection.

# Environmental, Social and Governance Report

## Career Development and Training

The Company attaches the great importance to the career 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 employees performance evaluation annually and based on the assessment results provides the employees with appropriate training and offers 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.

On top of on-the-job training, employees are encouraged to take external professional training to strengthen their work-related expertise. Employees are encouraged to attend courses or seminars organized by professional bodies and regularly update their knowledge on investments, accounting standards, Listing Rules, the Securities and Futures Ordinance and the Companies Ordinances.

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

<b>Category by gender and grade</b>	<b>% of employee trained</b>	<b>Average training hours per employee</b>
Male	100	14.3
Female	100	16.3
General employees	100	7.5
Mid-level employees	100	20
Senior management	100	17.6

During the Reporting Year, the average training hours per employee was 15.6 hours.

# Environmental, Social and Governance Report

## 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.

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 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. An independent Board serves the interests of shareholders by effectively carrying out its fundamental obligation of oversight of management. Three of our five Board members are independent. The majority of the Audit Committee, Remuneration Committee and Nomination Committee are independent. 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.



# Environmental, Social and Governance Report

## 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.

There was no legal case regarding corrupt practices nor any case of corruption found or reported by the Company during the Reporting Year.

## 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.

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. The Company encourages employees to donate used clothes to non-profit organizations.

## 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 entities which are not a member of the Company. Moreover, we maintain appropriate security systems designed to prevent unauthorized access to personal data.

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

# Environmental, Social and Governance Report

## 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 Reporting 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.

### Emission

As the Company is engaged in investment business, we only generate indirect greenhouse gas ("GHG") emission, limiting to electricity, water and paper consumptions in our office setting and employees business travel. Non-hazardous wastes, such as commercial wastes and the disposal of computer equipment and office equipment, produced by the Company are also at a minimum.

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

Scope of GHG <sup>1</sup>	Emission Sources	Total GHG (CO <sub>2</sub> and CO <sub>2</sub> equivalent) emissions	Intensity (per employee)
<b>Scope 2</b>			
Indirect emission	Purchased electricity	3.30 tonnes	0.413 tonnes
<b>Scope 3</b>			
Other indirect emission	Paper waste disposed at landfills	0.13 tonnes	0.016 tonnes
	Travelling	6.92 tonnes	0.865 tonnes
<b>Total</b>		<b>10.35 tonnes</b>	<b>1.293 tonnes</b>

# Environmental, Social and Governance Report

## 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;
- 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.

## 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 with 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.

## 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.

# Environmental, Social and Governance Report

## 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 6,476 kWh, with an energy intensity of 810 kWh per employee.

## Efficiency of Computer Equipment

The use and disposal of computer equipment such as computers and servers are another focus of our operational sustainability efforts. Computer hardware has a range of potential social and environmental impacts across its life cycle from production, use and disposal eventually.

The Company aims to maximize the lifespan of computer equipment by finding opportunities to refurbish and redeploy assets internally whenever feasible. According to the recent business development, there is increasing trend to rely on computer equipment and software to operate the business. In designing our replacement plan of computer equipment, we consider the benefit of energy efficiency and stability to reduce the negative impact to natural environment and enhance the sustainability of operation.

All computer equipment we refurbish, recycle or donate meets our strict data privacy standards.

## 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.

The Company is not a high water-consuming industry with water supply mainly from the government water supply system. There is no difficulty in sourcing water.

# 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 0.026 tonnes of paper<sup>2</sup> with an intensity of 0.003 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.

# Environmental, Social and Governance Report

## HKEX ESG REPORTING GUIDE CONTENT INDEX

A. Environmental	Description	Reference Section
<b>Aspect: A1: Emissions</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Green Operation
KPI A1.1	The types of emissions and respective emissions data.	Emission
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous Waste and Non-hazardous Waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous Waste and Non-hazardous Waste
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Green Operation
KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, reduction initiatives and results achieved.	Hazardous Waste and Non-hazardous Waste

# Environmental, Social and Governance Report

A. Environmental	Description	Reference Section
<b>Aspect A2: Use of Resources</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Efficient Use of Resources Efficiency of Computer Equipment Paper
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Electricity
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Electricity
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Water
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging material
<b>Aspect A3: The Environment and Natural Resources</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources

# Environmental, Social and Governance Report

B. Social	Description	Reference Section
<b>Aspect B1: Employment</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employees Employee-focused Employee Welfare Equal Opportunity and Anti-Discrimination Compliance of Employment Laws and Regulations
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment Profile
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Profile
<b>Aspect B2: Health and Safety</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety



# Environmental, Social and Governance Report

B. Social	Description	Reference Section
<b>Aspect B3: Development and Training</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Career Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Career Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Career Development and Training
<b>Aspect B4: Labour Standards</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Prevention of Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Prevention of Child and Forced Labour

# Environmental, Social and Governance Report

B. Social	Description	Reference Section
<b>Aspect B5: Supply Chain Management</b>	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	N/A
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
<b>Aspect B6: Product Responsibility</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	N/A
KPI B6.4	Description of quality assurance process and recall procedures.	N/A
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Privacy Protection

# Environmental, Social and Governance Report

B. Social	Description	Reference Section
<b>Aspect B7: Anti-corruption</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption and Money Laundering Policy
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption and Money Laundering Policy
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Whistle-blowing Mechanism
<b>Aspect B8: Community Investment</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	N/A
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	N/A

# 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

*(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 56 to 99, which comprise the statement of financial position as at 31 March 2020, 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 2020 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

*(Incorporated in Bermuda with limited liability)*

### KEY AUDIT MATTERS *(continued)*

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

Refer to Notes 3, 12 and 25 to the financial statements and the accounting policies on pages 63 to 70.

##### The Key Audit Matter

As at 31 March 2020 the Company's unlisted fund investment with a carrying value of approximately HK\$1,370,000. 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 2020.

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 discussing 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

*(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

*(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

*(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, 30 June 2020

Yau Hok Hung

Practising Certificate Number P04911



# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	NOTE	2020 HK\$'000	2019 HK\$'000
NET INVESTMENT LOSS	5	(1,104)	(137)
OTHER INCOME	6	41	148
GENERAL AND ADMINISTRATIVE EXPENSES		(9,110)	(9,429)
LOSS FROM OPERATIONS		(10,173)	(9,418)
FINANCE COSTS	7(a)	(42)	–
LOSS BEFORE TAXATION	7	(10,215)	(9,418)
INCOME TAX	8	–	–
LOSS FOR THE YEAR		(10,215)	(9,418)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		–	–
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR		(10,215)	(9,418)
LOSS AND TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR ATTRIBUTABLE TO:			
Equity shareholders of the Company		(10,215)	(9,418)
LOSS PER SHARE	22		
– Basic		(HK\$0.06)	(HK\$0.05)
– Diluted		(HK\$0.06)	(HK\$0.05)

The notes on pages 60 to 99 form an integral part of these financial statements.

# Statement of Financial Position

As at 31 March 2020

	NOTE	2020 HK\$'000	2019 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	37	58
Right-of-use asset	11	673	–
<b>TOTAL NON-CURRENT ASSETS</b>		<b>710</b>	58
<b>CURRENT ASSETS</b>			
Financial asset at fair value through profit or loss	12	1,370	2,474
Deposits, prepayments and other receivables	13	456	477
Cash and cash equivalents	14	4,105	12,848
<b>TOTAL CURRENT ASSETS</b>		<b>5,931</b>	15,799
<b>CURRENT LIABILITIES</b>			
Accruals and other payables	15	834	486
Lease liability	16	599	–
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,433</b>	486
<b>NET CURRENT ASSETS</b>		<b>4,498</b>	15,313
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,208</b>	15,371
<b>NON-CURRENT LIABILITY</b>			
Lease liability	16	52	–
<b>TOTAL NON-CURRENT LIABILITY</b>		<b>52</b>	–
<b>NET ASSETS</b>		<b>5,156</b>	15,371
<b>CAPITAL AND RESERVES</b>			
Share capital	17	17,280	17,280
Reserves		(12,124)	(1,909)
<b>TOTAL EQUITY</b>		<b>5,156</b>	15,371
<b>NET ASSET VALUE PER SHARE</b>	20	<b>HK\$0.03</b>	HK\$0.09

**Wang Kaizhen**  
Director

**He Luling**  
Director

The notes on pages 60 to 99 form an integral part of these financial statements.

# Statement of Changes in Equity

For the year ended 31 March 2020

	<b>Share capital</b> HK\$'000	<b>Share premium</b> HK\$'000 <i>(Note)</i>	<b>Accumulated losses</b> HK\$'000	<b>Total</b> HK\$'000
Balance at 1 April 2018	17,280	37,786	(30,277)	24,789
Changes in equity for the year ended 31 March 2019:				
Loss and total comprehensive expenses for the year	–	–	(9,418)	(9,418)
Balance at 31 March 2019	17,280	37,786	(39,695)	15,371
Balance at 1 April 2019	17,280	37,786	(39,695)	15,371
Changes in equity for the year ended 31 March 2020:				
Loss and total comprehensive expenses for the year	–	–	(10,215)	(10,215)
Balance at 31 March 2020	17,280	37,786	(49,910)	5,156

*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.

The notes on pages 60 to 99 form an integral part of these financial statements.

# Statement of Cash Flows

For the year ended 31 March 2020

	NOTE	2020 HK\$'000	2019 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(10,215)	(9,418)
Adjustments for:			
Bank interest income		(48)	(105)
Net investment loss		1,104	137
Depreciation		523	22
Finance costs		42	–
Net loss on disposal of plant and equipment		2	–
Operating loss before changes in working capital		(8,592)	(9,364)
Proceeds from return of capital of financial asset at fair value through profit or loss		–	2,200
Proceeds from disposal of financial assets at fair value through profit or loss		–	6,407
Decrease in deposits, prepayments and other receivables		15	924
Increase/(decrease) in accruals and other payables		348	(38)
<b>NET CASH (USED IN)/GENERATED FROM OPERATIONS AND OPERATING ACTIVITIES</b>		<b>(8,229)</b>	129
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of plant and equipment		(7)	(20)
Bank interest received		54	100
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		<b>47</b>	80
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital element of lease rentals paid	14(b)	(519)	–
Interest element of lease rentals paid	14(b)	(42)	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(561)</b>	–
<b>NET (DECREASE )/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(8,743)</b>	209
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>12,848</b>	12,639
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	14(a)	<b>4,105</b>	12,848

The notes on pages 60 to 99 form an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 1. GENERAL INFORMATION

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

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

The HKICPA has issued certain 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 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Company.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Company's results and financial position for the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### **HKFRS 16, *Leases***

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC)-Int 4, *Determining whether an arrangement contains a lease*, HK(SIC)-Int 15, *Operating leases – incentives*, and HK(SIC)-Int 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Company has initially applied HKFRS 16 as from 1 April 2019. The Company has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

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

#### *a. New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Company applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Company has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

#### HKFRS 16, *Leases* *(continued)*

##### b. *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Company is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Company is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment. For an explanation of how the Company applies lessee accounting, see Note 2(g).

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Company determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019.

To ease the transition to HKFRS 16, the Company applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Company elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

The following table reconciles the operating lease commitments as disclosed in Note 19 as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019 HK\$'000
Operating lease commitments at 31 March 2019	50
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(50)
<hr/>	
Total lease liabilities recognised at 1 April 2019	–

The application of HKFRS 16 has no material impact on the Company's statement of financial position as at 1 April 2019.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Financial instruments

#### (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 irrevocably 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 irrevocably 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).

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.



# Notes to the Financial Statements

For the year ended 31 March 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Financial instruments *(continued)*

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

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 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Financial instruments *(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 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Financial instruments *(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 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Financial instruments *(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 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Financial instruments *(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 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Financial instruments *(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 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Financial instruments *(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.

### (e) Property, plant and equipment

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

- right-of-use asset arising from lease over leasehold property where the Company is not the registered owner of the property interest; and
- items of plant and equipment.

Gains or losses arising from the retirement or disposal of an item of property, 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 property, 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  |
| – The Company's interest in building situated on leasehold land | over the shorter of the unexpired term of lease and the building's estimated useful life |

Where parts of an item of property, 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.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (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 property, plant and equipment including right-of-use assets 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).

#### – 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.



# Notes to the Financial Statements

For the year ended 31 March 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (g) Leased assets

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

### (i) As a lessee

(A) *Policy applicable from 1 April 2019*

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(e) and 2(f)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities separately in the statement of financial position.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (g) Leased assets *(continued)*

#### (i) As a lessee *(continued)*

##### (B) Policy applicable prior to 1 April 2019

In the comparative period, as a lessee the Company classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Company. Leases which did not transfer substantially all the risks and rewards of ownership to the Company were classified as operating leases.

Where the Company acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost of the assets over the term of the relevant lease or, where it was likely the Company would obtain ownership of the asset, the life of the asset, as set out in Note 2(e). Impairment losses were accounted for in accordance with the accounting policy as set out in Note 2(f). Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

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

#### (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.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (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.

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.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (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.

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.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

#### (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)(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.

### (n) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (o) 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.

### (p) 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 2020

## 3. ACCOUNTING JUDGEMENT AND ESTIMATES

Note 24 contains information about the assumptions and their risk factors relating to financial instruments. Other significant sources of estimation uncertainty are as follows:

### Fair value of financial instruments

The Company's unlisted fund investment of approximately HK\$1,370,000 as at 31 March 2020 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 25(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

	2020 HK\$'000	2019 HK\$'000
Net realised loss from disposal of financial assets at fair value through profit or loss	–	(877)
Net unrealised fair value change of financial asset at fair value through profit or loss	(1,104)	740
	<b>(1,104)</b>	<b>(137)</b>

## 6. OTHER INCOME

	2020 HK\$'000	2019 HK\$'000
Bank interest income	48	105
Net exchange (loss)/gain	(33)	43
Net loss on disposal of plant and equipment	(2)	–
Sundry income	28	–
	<b>41</b>	<b>148</b>

# Notes to the Financial Statements

For the year ended 31 March 2020

## 7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	NOTE	2020 HK\$'000	2019 HK\$'000
<b>(a) Finance costs</b>			
Interest on lease liability (Note 16)		42	–
<b>(b) Staff costs</b>			
Salaries, bonuses and other benefits		3,881	4,339
Mandatory provident fund contributions	(ii)	36	44
		<b>3,917</b>	<b>4,383</b>
<b>(c) Other items</b>			
Depreciation charge			
– owned plant and equipment	(i)	26	22
– right-of-use asset	(i)	497	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	(i)	–	600
Auditors' remuneration			
– audit services		290	280
– other services		125	120
Investment manager fees		800	686
Legal and professional fees		1,771	1,908

Notes:

- (i) The Company has initially applied HKFRS 16 during the year ended 31 March 2020. The Company as a lessee is required to recognize the depreciation of right-of-use assets, instead of the previous policy of recognizing rental expenses incurred under operating leases on a straight-line basis over the lease term. Under the transition methods chosen, the comparative information is not restated. See Note 2(c).
- (ii) 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.



# Notes to the Financial Statements

For the year ended 31 March 2020

## 8. INCOME TAX

- (a) No provision for Hong Kong Profits Tax has been made in these financial statements as the Company has no estimated assessable profits derived from its operation in Hong Kong during the year (2019: Nil).
- (b) No provision for overseas tax has been made in these financial statements, as the Company has no profit derived from overseas.
- (c) Deferred tax assets are recognised for tax losses carried forward to the extent that the realization of the related tax benefit through utilisation against future taxable profits is probable. At 31 March 2020, the Company had tax losses of approximately HK\$61,024,000 (2019: approximately HK\$52,981,000) 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 profit streams.

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

	2020 HK\$'000	2019 HK\$'000
Loss before taxation	<b>(10,215)</b>	(9,418)
Notional tax on loss before taxation, calculated at the applicable rate of 16.5% (2019: 16.5%)	<b>(1,686)</b>	(1,554)
Tax effect of non-taxable income	<b>(13)</b>	(24)
Tax effect of non-deductible expenses	<b>299</b>	23
Tax effect of temporary difference not recognised	<b>6</b>	-
Tax effect of unused tax losses not recognised	<b>1,394</b>	1,555
Actual tax expense	<b>-</b>	-

# Notes to the Financial Statements

For the year ended 31 March 2020

## 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:

	2020 HK\$'000	2019 HK\$'000
<i>Fees:</i>		
Non-executive Directors	267	80
Independent Non-executive Directors	340	340
<i>Other emoluments:</i>		
Executive Directors		
– Salaries and benefits in kind	960	890
– Discretionary bonuses	–	735
– Retirement scheme contributions	–	9
	<b>1,567</b>	<b>2,054</b>

The emoluments of each director, on a named basis, for the year ended 31 March 2020 are set out below:

	Directors' fees HK\$'000	Salaries and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<i>Executive Director</i>					
Wang Kaizhen <sup>(1)</sup>	–	960	–	–	960
<i>Non-executive Directors</i>					
He Luling	80	–	–	–	80
Dong Licheng <sup>(2)</sup>	187	–	–	–	187
<i>Independent Non-executive Directors</i>					
Ma Yin Fan	180	–	–	–	180
Yan Yan	80	–	–	–	80
Xu Yanfa	80	–	–	–	80
	<b>607</b>	<b>960</b>	<b>–</b>	<b>–</b>	<b>1,567</b>

# Notes to the Financial Statements

For the year ended 31 March 2020

## 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 scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>					
Lee Wai Tsang, Rosa <sup>(2)</sup>	–	410	735	9	1,154
Wang Kaizhen <sup>(1)</sup>	–	480	–	–	480
<i>Non-executive Director</i>					
He Luling	80	–	–	–	80
<i>Independent Non-executive Directors</i>					
Ma Yin Fan	180	–	–	–	180
Yan Yan	80	–	–	–	80
Xu Yanfa	80	–	–	–	80
	420	890	735	9	2,054

<sup>(1)</sup> Wang Kaizhen was appointed on 1 October 2018.

<sup>(2)</sup> Lee Wai Tsang, Rosa resigned on 1 October 2018.

<sup>(3)</sup> Dong Licheng was appointed on 8 May 2019 and resigned on 31 August 2019.

During the year, there was no arrangement under which a director has waived or agreed to waive any remuneration (2019: 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 (2019: Nil).

### (b) Directors' 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.

# Notes to the Financial Statements

For the year ended 31 March 2020

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

### (c) Individuals with highest emoluments

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

	<b>2020</b>	2019
	<b>Number of individuals</b>	Number of individuals
Number of directors	<b>2</b>	2
Number of other staff	<b>3</b>	3
	<b>5</b>	5

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

The emoluments of the above other staff are as follows:

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Salaries and other emoluments	<b>1,956</b>	2,081
Discretionary bonuses	–	60
Retirement scheme contributions	<b>18</b>	27
	<b>1,974</b>	2,168

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

	<b>2020</b>	2019
	<b>Number of employees</b>	Number of employees
Nil to HK\$1,000,000	<b>3</b>	2
HK\$1,000,001 to HK\$1,500,000	–	1
	<b>3</b>	3

During the year, there was no arrangement under which an individual waived or agreed to waive any remuneration (2019: 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 (2019: 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 (2019: Nil).

# Notes to the Financial Statements

For the year ended 31 March 2020

## 10. PLANT AND EQUIPMENT

	Furniture and fixtures HK\$'000	Computers HK\$'000	Total HK\$'000
<b>Cost:</b>			
At 1 April 2018	30	42	72
Additions	4	16	20
<hr/>			
At 31 March 2019 and 1 April 2019	34	58	92
Additions	–	7	7
Disposals	–	(10)	(10)
<hr/>			
At 31 March 2020	34	55	89
<hr/>			
<b>Accumulated depreciation:</b>			
At 1 April 2018	4	8	12
Charge for the year	6	16	22
<hr/>			
At 31 March 2019 and 1 April 2019	10	24	34
Charge for the year	7	19	26
Written back on disposals	–	(8)	(8)
<hr/>			
At 31 March 2020	17	35	52
<hr/>			
<b>Net book value:</b>			
<b>At 31 March 2020</b>	<b>17</b>	<b>20</b>	<b>37</b>
<hr/>			
At 31 March 2019	24	34	58

## 11. RIGHT-OF-USE ASSET

	Property leased for own use HK\$'000
<b>Cost:</b>	
Additions	1,170
<hr/>	
At 31 March 2020	1,170
<hr/>	
<b>Accumulated depreciation:</b>	
Charge for the year	497
<hr/>	
At 31 March 2020	497
<hr/>	
<b>Net book value:</b>	
<b>At 31 March 2020</b>	<b>673</b>

The Company has obtained the right to use the property as its office through tenancy agreement. The leases typically run for an initial period of 15 months.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 11. RIGHT-OF-USE ASSET *(continued)*

The analysis of expense items in relation to lease recognised in profit or loss is as follows:

	2020 HK\$'000	2019 HK\$'000
Depreciation charge of right-of-use asset by class of underlying asset:		
Property leased for own use	497	—
Interest on lease liability <i>(Note 7(a))</i>	42	—
Expense relating to lease with remaining lease term ending on or before 31 March 2020	89	—
Total minimum lease payments for lease previously classified as operating leases under HKAS 17	—	600

During the year ended 31 March 2020, additions to right-of-use asset was approximately HK\$1,170,000. This amount primarily related to the capitalised lease payments payable under new tenancy agreement.

Details of total cash outflow for leases and the maturity analysis of lease liability are set out in Notes 14(c) and 16, respectively.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 12. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK\$'000	2019 HK\$'000
<b>Unlisted fund investment (trading and investment security) – at fair value</b>		
Unlisted partnership investment	1,370	2,474

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 equity and equity-oriented securities of privately-held early stage to Pre-Initial Public Offering (“IPO”) companies in the technology-enabled services and products industries with substantial markets and/or operations in Mainland China.

During the year, the Company did not receive any cash dividend from CMHJ (2019: Nil).

Particulars of the unlisted partnership investment as at 31 March 2020 and 31 March 2019 were as follows:

Name of limited partnership	Nature of business	Percentage of interest held (%)	Percentage of the Company's total assets (%)	Percentage of the Company's net assets (%)	Cost HK\$'000	Carrying amount HK\$'000
CMHJ Technology Fund II, L.P. (“CMHJ”)	Investing in equity and equity-oriented securities of privately-held early stage to Pre-IPO companies in the industries of technology-enabled services and products industries with substantial markets and/or operations in Mainland China	2.8% (2019: 2.8%)	21% (2019: 16%)	27% (2019: 16%)	11,193 (2019: 11,193)	1,370 (2019: 2,474)

As at 31 December 2019, the audited net assets attributable to shareholders of CMHJ were approximately US\$10,367,000 (As at 31 December 2018: approximately US\$19,724,000).

# Notes to the Financial Statements

For the year ended 31 March 2020

## 13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Deposits and other receivables	190	192
Prepayments	266	285
	<b>456</b>	<b>477</b>

The carrying amounts of deposits and other receivables approximated their fair values as at 31 March 2020 and 2019. 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:

	2020 HK\$'000	2019 HK\$'000
Hong Kong dollars	342	410
United States dollars	114	67
	<b>456</b>	<b>477</b>

The amount of deposits expected to be recovered after more than one year is approximately HK\$190,000 (2019: 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 2020

## 14. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

### (a) Cash and cash equivalents in the statement of financial position and cash flows comprise:

	2020 HK\$'000	2019 HK\$'000
Cash at banks and on hand	1,780	1,921
Short-term bank deposits with original maturity within three months	2,325	10,927
	<b>4,105</b>	12,848

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

	2020 HK\$'000	2019 HK\$'000
Hong Kong dollars	331	6,250
United States dollars	3,774	6,598
	<b>4,105</b>	12,848

*Note:* The Company has initially applied HKFRS 16 during the year ended 31 March 2020. Previously, cash payments under operating leases made by the Company as a lessee of approximately HK\$600,000 were classified as operating activities in the statement of cash flows. Under HKFRS 16, except for short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of lease liabilities, all other rentals paid on leases are now split into capital element and interest element (see Note 14(b)) and classified as financing cash outflows. Under the transition methods chosen, the comparative information is not restated. Further details on the impact of the transition to HKFRS 16 are set out in Note 2(c).

# Notes to the Financial Statements

For the year ended 31 March 2020

## 14. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(continued)

### (b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liability from financing activities, including both cash and non-cash changes. Liability arising from financing activities is liability for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	Lease liability HK\$'000 (Note 16)
<b>Changes from financing cash flows:</b>	
Capital element of lease rentals paid	(519)
Interest element of lease rentals paid	(42)
<b>Total changes from financing cash flows</b>	<b>(561)</b>
<b>Other changes:</b>	
Increase in lease liability from entering into new lease during the year	1,170
Interest expenses (Note 7(a))	42
<b>Total other change</b>	<b>1,212</b>
<b>At 31 March 2020</b>	<b>651</b>

### (c) Total cash outflow for leases

Amounts included in the statement of cash flows for leases comprise the following:

	2020 HK\$'000	2019 (Note) HK\$'000
Within operating cash flows	89	600
Within financing cash flows	561	–
	<b>650</b>	<b>600</b>

Note: As explained in the note to Note 14(a), the adoption of HKFRS 16 introduces a change in classification of cash flows of certain rentals paid on leases. The comparative amounts have not been restated.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 14. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(continued)

### (c) Total cash outflow for leases (continued)

These amounts relate to the following:

	2020 HK\$'000	2019 HK\$'000
Lease rentals paid	650	600

## 15. ACCRUALS AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Accruals and other payables	834	486

The carrying amounts of accruals and other payables approximated their fair values as at 31 March 2020 and 2019 and were denominated in the following currencies:

	2020 HK\$'000	2019 HK\$'000
Hong Kong dollars	826	486
United States dollars	8	–
	834	486

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 2020

## 16. LEASE LIABILITY

The following table shows the remaining contractual maturity of the Company's lease liability at the end of the current reporting period.

	31 March 2020	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	599	620
After 1 year but within 2 years	52	52
	<b>651</b>	<b>672</b>
Less: total future interest expenses		(21)
Present value of lease liability		<b>651</b>

## 17. SHARE CAPITAL

	2020 HK\$'000	2019 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

## 18. 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 2020 and 2019.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 19. OPERATING LEASE COMMITMENT

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

	As at 31 March 2019 HK\$'000
Within 1 year	50

The Company is the lessee in respect of a property held under lease which was previously classified as operating leases under HKAS 17. From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in Note 2(g), and the details regarding the Company's future lease payments are disclosed in Note 16.

## 20. NET ASSET VALUE PER SHARE

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

	As at 31 March 2020	As at 31 March 2019
Net assets (HK\$'000)	5,156	15,371
Number of ordinary shares in issue ('000)	172,800	172,800

## 21. DIVIDEND

The directors do not propose any dividend for the year ended 31 March 2020 (2019: Nil).

## 22. 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\$10,215,000 (2019: HK\$9,418,000) and the weighted average of 172,800,000 ordinary shares (2019: 172,800,000 ordinary shares) in issue during the year, calculated as follows:

	2020 HK\$'000	2019 HK\$'000
Net loss attributable to ordinary equity shareholders	(10,215)	(9,418)
	2020 '000	2019 '000
Weighted average number of ordinary shares in issue	172,800	172,800

There were no dilutive potential ordinary shares during the years ended 31 March 2020 and 2019, 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 2020

## 23. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Transaction with related parties

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 a 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 for the provision of investment management services to the Company. During the year ended 31 March 2019, the Company has reimbursed Grand Finance Group 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 2020 are as below:

	2020 HK\$'000	2019 HK\$'000
Investment manager fee paid to Evergrande	–	86
Sharing of administrative expenses paid to GFG	–	39

The related party transactions in respect of investment manager fee 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:

	2020 HK\$'000	2019 HK\$'000
Short-term employee benefits	2,767	3,245
Retirement scheme contributions	–	9
	<b>2,767</b>	<b>3,254</b>

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

# Notes to the Financial Statements

For the year ended 31 March 2020

## 24. 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 asset 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 banks and financial institutions with sound credit ratings for which the Company considers to have low credit risk.

The credit risk of the Company's other financial assets, which mainly comprise investment at fair value through profit or loss, arises from default of the counterparties, with a maximum exposure equal to the carrying amount of the instrument. The credit risk of investment at fair value through profit or loss is 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 investment on a regular basis.

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:

	2020				2019		
	Contractual undiscounted cash outflow				Contractual undiscounted cash outflow		
	Within 1 year or on demand	More than 1 year but less than 2 years	Total	Carrying amount at 31 March 2020	Within 1 year or on demand	Total	Carrying amount at 31 March 2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial liabilities</b>							
Accruals and other payables	829	-	829	829	480	480	480
Lease liability	620	52	672	651	-	-	-
	<b>1,449</b>	<b>52</b>	<b>1,501</b>	<b>1,480</b>	<b>480</b>	<b>480</b>	<b>480</b>

# Notes to the Financial Statements

For the year ended 31 March 2020

## 24. FINANCIAL RISKS MANAGEMENT *(continued)*

### (b) Liquidity risk *(continued)*

The Company has been experiencing losses in recent years. The loss attributable to equity shareholders of the Company for the years ended 31 March 2020 and 2019 was approximately HK\$10,215,000 and HK\$9,418,000 respectively.

In order to strengthen the capital base of the Company and to improve the Company's financial position, liquidity and cash flows, and otherwise to sustain the Company as a going concern, the directors of the Company has adopted the following measures:

- (i) Renown Future Limited, a controlling shareholder of the Company, has undertaken to the Company to provide continuing financial support to the Company so as to enable the Company to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Company.
- (ii) The directors of the Company are considering various alternatives to strengthen the capital base of the Company through fund raising exercise, including but not limited to, a private placement, an open offer or rights issue of new shares of the Company.
- (iii) The directors of the Company continue to take action to tighten cost controls over various general and administrative expenses and are seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

In the opinion of the directors of the Company, in light of the measures taken to date, together with expected results of other measures in progress, the Company will have sufficient working capital for its future requirements and it is reasonable to expect that the Company is able to continue as a going concern in the future.



# Notes to the Financial Statements

For the year ended 31 March 2020

## 24. 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 and lease liability. Lease liability carried at fixed rate exposes the Company to fair value interest rate risk. The Company's interest rate profile as monitored by management is set out in (i) below.

The Company does not anticipate significant impact to bank deposits and lease liability because the interest rates of bank deposits and lease liability are not expected to change significantly. Other than bank deposits which carry interest at prevailing market interest rates and lease liability, 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.

### (i) Interest rate profile

The following table details the interest rate profile of the Company's lease liability at the end of the reporting period:

	2020	
	Effective interest rate	HK\$'000
	%	
<b>Fixed rate borrowing:</b>		
Lease liability	5.5%	651
Fixed rate borrowing as a percentage of total borrowing		100%

### (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 investment 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.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 25. 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 inputs.

The Company engages an independent professional valuer (the "Valuer") performing valuation for its financial asset at fair value through profit or loss, which is 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 2020, the only financial instrument of the Company carried at fair value was unlisted fund investment of approximately HK\$1,370,000 (2019: approximately HK\$2,474,000). The instrument is measured at fair value on a recurring basis and its fair value measurement falls into Level 3 of the fair value hierarchy described above.

During the years ended 31 March 2020 and 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 fair value measurements

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

The fair value of unlisted fund investment is determined using adjusted net assets value. The fair value measurement is positively correlated to the underlying assets' values. As at 31 March 2020, it is estimated that with all other variables held constant, an increase/decrease in underlying assets' values by 5% would have decreased/increased the Company's loss by approximately HK\$61,000 (2019: approximately HK\$124,000).

# Notes to the Financial Statements

For the year ended 31 March 2020

## 25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT *(continued)*

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

#### Information about Level 3 fair value measurements *(continued)*

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

	2020	2019	
	Unlisted fund investment HK\$'000	Unlisted equity investments HK\$'000	Unlisted fund investment HK\$'000
<b>Financial assets at fair value through profit or loss</b>			
At 1 April	2,474	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	<b>(1,104)</b>	(877)	740
At 31 March	<b>1,370</b>	-	2,474
Total gains or losses for the year included in profit or loss for asset held at the end of the reporting period	<b>(1,104)</b>	-	740
Total gains or losses for the year included in profit or loss for asset disposed of during the reporting period	-	(877)	-

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.

The losses or gains 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 2019 and 2020.

# Notes to the Financial Statements

For the year ended 31 March 2020

## 26. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 (“COVID-19 Outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the world and have affected the business and economic activities to some extent. With the increasing market uncertainty regarding the impact of COVID-19 Outbreak, the Company will pay close attention to the development of the COVID-19 Outbreak and evaluate the impact on its future financial position and operating results. As at the date on which the financial statements were authorised for issue, the Company was not aware of any material adverse effects on the 2020 financial statements as a result of the COVID-19 Outbreak.

## 27. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2020, the directors consider the immediate parent and ultimate controlling party of the Company to be Renown Future Limited, which is incorporated in British Virgin Islands. This entity does not produce financial statements available for public use.

## 28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 March 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, <i>Definition of a business</i>	1 January 2020
Amendments to HKAS 1 and HKAS 8, <i>Definition of material</i>	1 January 2020

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

## 29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2020.

# Five-Year Financial Summary

For the year ended 31 March 2020

	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
<b>RESULTS</b>					
Net investment (loss)/gain	<b>(1,104)</b>	(137)	–	309	(1,349)
Loss before taxation	<b>(10,215)</b>	(9,418)	(10,438)	(5,977)	(11,922)
Taxation	–	–	–	–	–
Loss attributable to equity shareholders of the Company	<b>(10,215)</b>	(9,418)	(10,438)	(5,977)	(11,922)
<b>ASSETS AND LIABILITIES</b>					
Total assets	<b>6,641</b>	15,857	27,774	30,351	36,352
Total liabilities	<b>(1,485)</b>	(486)	(8,024)	(163)	(187)
Equity attributable to equity shareholders of the Company	<b>5,156</b>	15,371	19,750	30,188	36,165
<b>NET ASSET VALUE PER SHARE</b>	<b>HK\$0.03</b>	HK\$0.09	HK\$0.11	HK\$0.17	HK\$0.21