



優創金融  
YOUTH CHAMP FINANCIAL

優創金融集團控股有限公司

YOUTH CHAMP FINANCIAL GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1160

2021 INTERIM REPORT

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Director

Ms. Chan Mei Yan

### Non-Executive Directors

Mr. Yip Hoi Chung (*Vice Chairman*)  
(*appointed on 2 July 2021*)

Mr. He Luling (*Chairman*)  
(*resigned on 2 July 2021*)

### Independent Non-Executive Directors

Mr. Xu Yanfa (*designated*  
*as Chairman on 2 July 2021*)

Ms. Ma Yin Fan

Ms. Yan Yan

## COMPANY SECRETARY

Ms. Leung So Sze

## AUDIT COMMITTEE

Ms. Ma Yin Fan

Mr. Yip Hoi Chung (*appointed on 2 July 2021*)

Ms. Yan Yan

Mr. Xu Yanfa

Mr. He Luling (*resigned on 2 July 2021*)

## REMUNERATION COMMITTEE

Ms. Yan Yan

Mr. Yip Hoi Chung (*appointed on 2 July 2021*)

Ms. Ma Yin Fan

Mr. Xu Yanfa

Mr. He Luling (*resigned on 2 July 2021*)

## NOMINATION COMMITTEE

Mr. Xu Yanfa

Mr. Yip Hoi Chung (*appointed on 2 July 2021*)

Ms. Ma Yin Fan

Ms. Yan Yan

Mr. He Luling (*resigned on 2 July 2021*)

## INVESTMENT MANAGER

INV Advisory Limited

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

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

# Corporate Information

## 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  
4008-4009, 40/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>

# Unaudited Condensed Interim Financial Statements

## RESULTS

The board (the “Board”) of directors (the “Directors”) of Youth Champ Financial Group Holdings Limited (the “Company”) is pleased to announce the unaudited condensed interim results of the Company for the six months ended 30 September 2021 (the “Period”) together with the comparative figures for the corresponding period in 2020. These condensed interim financial statements have not been audited, but have been reviewed by the Company’s audit committee (the “Audit Committee”).

On behalf of the Board

**Youth Champ Financial Group Holdings Limited**

**Xu Yanfa**

*Chairman*

# Condensed Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

		<b>For the six months ended 30 September</b>	
	<i>NOTE</i>	<b>2021 HK\$'000 (Unaudited)</b>	2020 HK\$'000 (Unaudited)
NET INVESTMENT GAIN/(LOSS)	4	<b>474</b>	(9)
OTHER INCOME	5	<b>11</b>	130
GENERAL AND ADMINISTRATIVE EXPENSES		<b>(3,710)</b>	(4,233)
LOSS FROM OPERATIONS		<b>(3,225)</b>	(4,112)
FINANCE COSTS		<b>(5)</b>	(14)
LOSS BEFORE TAXATION	6	<b>(3,230)</b>	(4,126)
INCOME TAX	7	–	–
LOSS FOR THE PERIOD		<b>(3,230)</b>	(4,126)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		–	–
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		<b>(3,230)</b>	(4,126)
LOSS AND TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD ATTRIBUTABLE TO:			
Equity shareholders of the Company		<b>(3,230)</b>	(4,126)
LOSS PER SHARE (HK Cents)			
– Basic	8	<b>(1.87)</b>	(2.39)
– Diluted	8	<b>(1.87)</b>	(2.39)

The notes on pages 9 to 20 form part of these unaudited condensed interim financial statements.

# Condensed Statement of Financial Position

As at 30 September 2021

	NOTE	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		11	18
Right-of-use asset		–	83
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11</b>	101
<b>CURRENT ASSETS</b>			
Financial asset at fair value through profit or loss	10	–	432
Deposits, prepayments and other receivables	11	376	438
Cash and cash equivalents	12	711	1,327
<b>TOTAL CURRENT ASSETS</b>		<b>1,087</b>	2,197
<b>CURRENT LIABILITIES</b>			
Accruals and other payables		3,547	1,969
Loans from an ultimate holding company		–	3,500
Lease liability		–	52
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,547</b>	5,521
<b>NET CURRENT LIABILITIES</b>		<b>(2,460)</b>	(3,324)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(2,449)</b>	(3,223)
<b>NON-CURRENT LIABILITIES</b>			
Loans from an ultimate holding company	15(b)	4,004	–
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,004</b>	–
<b>NET LIABILITIES</b>		<b>(6,453)</b>	(3,223)
<b>CAPITAL AND RESERVES</b>			
Share capital	13	17,280	17,280
Reserves		(23,733)	(20,503)
<b>CAPITAL DEFICIENCY</b>		<b>(6,453)</b>	(3,223)
<b>NET LIABILITY VALUE PER SHARE</b>		<b>(HK\$0.04)</b>	(HK\$0.02)

The notes on pages 9 to 20 form part of these unaudited condensed interim financial statements.

# Condensed Statement of Changes in Equity

For the six months ended 30 September 2021

	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2020 (Audited)	17,280	37,786	(49,910)	5,156
Loss and total comprehensive expenses for the period	–	–	(4,126)	(4,126)
Balance at 30 September 2020 (Unaudited)	17,280	37,786	(54,036)	1,030
Balance at 1 April 2021 (Audited)	<b>17,280</b>	<b>37,786</b>	<b>(58,289)</b>	<b>(3,223)</b>
Loss and total comprehensive expenses for the period	–	–	<b>(3,230)</b>	<b>(3,230)</b>
Balance at 30 September 2021 (Unaudited)	<b>17,280</b>	<b>37,786</b>	<b>(61,519)</b>	<b>(6,453)</b>

The notes on pages 9 to 20 form part of these unaudited condensed interim financial statements.

# Condensed Statement of Cash Flows

For the six months ended 30 September 2021

	<b>For the six months ended 30 September</b>	
	<b>2021 HK\$'000 (Unaudited)</b>	2020 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	<b>(1,064)</b>	(3,248)
NET CASH USED IN INVESTING ACTIVITIES	–	(1)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<b>448</b>	(275)
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	<b>(616)</b>	(3,524)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>1,327</b>	4,105
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>711</b>	581
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>711</b>	581

The notes on pages 9 to 20 form part of these unaudited condensed interim financial statements.

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 1. BASIS OF PREPARATION

These unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 30 November 2021.

The unaudited condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2020/21 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021/22 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of unaudited condensed interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These unaudited condensed interim financial statements contain condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the 2020/21 annual financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The condensed interim financial statements is unaudited, but has been reviewed by the Company’s audit committee.

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 1. BASIS OF PREPARATION *(continued)*

### Going concern basis

The Company incurred a net loss of approximately HK\$3,230,000 during the six months ended 30 September 2021, and as of that date, the Company had net liabilities of approximately HK\$6,453,000. In preparing the financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Company in light of the Company's net liabilities of approximately HK\$6,453,000 as at 30 September 2021. As at 30 September 2021, the Company has unutilised loan amount of HK\$8,500,000 under the loan agreements with Renown Future Limited ("Renown Future"), a controlling shareholder of the Company. In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Company and its available sources of financing in assessing whether the Company will be able to finance its future working capital and financial requirements. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

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

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

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Company:

- Amendment to HKFRS 16, *Covid-19-related rent concessions*
- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

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

## 3. SEGMENT REPORTING

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

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

## 4. NET INVESTMENT GAIN/(LOSS)

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net realized gain from dissolution of financial asset at fair value through profit or loss	474	–
Net unrealised fair value change of financial asset at fair value through profit or loss	–	(9)

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 5. OTHER INCOME

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net exchange gain/(loss)	1	(3)
Net loss on disposal of plant and equipment	–	(3)
Sundry Income	10	–
Government subsidies ( <i>Note</i> )	–	136
	<b>11</b>	130

*Note:* Being the subsidies received/receivable from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the People's Republic of China.

## 6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Investment manager fee	810	673
Legal and professional fees	531	795
Depreciation charge		
– owned plant and equipment	6	10
– right-of-use asset	83	280
Expenses relating to short-term lease	148	–
Directors' remuneration	403	590
Staff costs (excluding directors' emoluments)		
– salaries, bonuses and other benefits	1,098	1,098
– mandatory provident fund contributions	14	14
Interest on lease liability	–	14

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 7. INCOME TAX

No Hong Kong Profits Tax has been provided for in the unaudited condensed financial statements for the six months ended 30 September 2021 and 2020 as the Company has no estimated assessable profits for both periods.

## 8. LOSS PER SHARE

The calculation of basic loss per ordinary share is based on the unaudited loss attributable to ordinary equity shareholders of the Company of approximately HK\$3,230,000 for the Period (six months ended 30 September 2020: loss of approximately HK\$4,126,000) and the weighted average of 172,800,000 ordinary shares (six months ended 30 September 2020: 172,800,000 ordinary shares) in issue during the Period.

There were no dilutive potential ordinary shares during the six months ended 30 September 2021 and 2020, and therefore, diluted loss per share is the same as the basic loss per share.

## 9. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 September 2020: Nil).

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

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
<b>Unlisted fund investment (trading and investment security) – at fair value</b>		
Unlisted partnership investment	–	432

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 10. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

During the Period, the only investment held by the Company was CMHJ Technology Fund II, L.P. ("CMHJ" or the "Fund"). CMHJ was an exempted limited partnership registered in the Cayman Islands on 28 September 2005 and has been registered under the Private Fund Act of the Cayman Islands on 7 August 2020. The principal activity of CMHJ was to make venture capital investments, principally by investing in and holding equity and equity-oriented securities of privately-held early stage to Pre-Initial Public Offering ("IPO") companies in the technology-enabled services and products industries with substantial markets and/or operations (planned or existing) in Mainland China.

In September 2021, the Company was notified by the general partner of CMHJ that all the investments of the Fund have been disposed of and the Fund shall be liquidated and a final distribution shall be made by CMHJ to the limited partners of the Fund. Final distribution of approximately US\$117,000 was received by the Company from CMHJ in September 2021. Net realized investment gain of approximately HK\$474,000 from dissolution of CMHJ was recognized during the Period.

As at 30 September 2021, the Company did not hold any investment.

Particulars of the unlisted partnership investment as at 30 September 2021 and 31 March 2021 were as follows:

Name of limited partnership	Nature of business	Percentage of interest held (%)	Cost HK\$'000	Carrying amount HK\$'000	Percentage of the Company's total assets (%)	Net assets attributable to the investment 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 technology-enabled services and products industries with substantial markets and/or operations in Mainland China	- (31 March 2021: 2.8%)	- (31 March 2021: 11,193)	- (31 March 2021: 432)	- (31 March 2021: 19%)	- (31 March 2021: 720)

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Deposits and other receivables	142	190
Prepayments	234	248
	<b>376</b>	438

## 12. CASH AND CASH EQUIVALENTS

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Cash at banks and on hand	711	1,327

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 13. SHARE CAPITAL

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	<b>100,000</b>	100,000
Issued and fully paid:		
172,800,000 ordinary shares of HK\$0.10 each	<b>17,280</b>	17,280

## 14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

#### *Fair value hierarchy*

HKFRS 13 “Fair Value Measurement” categorises fair value measurements into a three-level hierarchy. 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.

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

*(continued)*

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

#### **Fair value hierarchy** *(continued)*

The Company performs valuation for its financial asset at fair value through profit or loss, which is categorized into Level 3 of the fair value hierarchy. The valuation results with analysis of changes in fair value measurement is prepared 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.

The Company had no financial instrument at 30 September 2021. At 31 March 2021, the only financial instrument of the Company carried at fair value was unlisted fund investment of approximately HK\$432,000. The instrument was measured at fair value on a recurring basis and its fair value measurements fall into Level 3 of the fair value hierarchy described above.

During the six months ended 30 September 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 September 2020: Nil). 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**

	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>
Unlisted fund investment	Adjusted net asset value	Underlying assets' value

The fair value of unlisted fund investment was determined using adjusted net asset value. The fair value measurement was positively correlated to the underlying assets' values. As at 31 March 2021, it was 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 HK\$nil.

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

*(continued)*

### (a) Financial assets and liabilities measured at fair value *(continued)* *Information about Level 3 fair value measurements (continued)*

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	<b>At 30 September 2021 HK\$'000 (Unaudited)</b>	At 30 September 2020 HK\$'000 (Unaudited)
Financial asset at fair value through profit or loss		
At 1 April	<b>432</b>	1,370
Changes in fair value recognised in profit or loss during the period	<b>474</b>	(9)
Final distribution from financial asset	<b>(906)</b>	–
At 30 September	<b>–</b>	1,361
Total gains or losses for the period included in profit or loss for asset held at the end of the reporting period	<b>–</b>	(9)

The gains arising from dissolution of unlisted fund investment are presented in the “Net investment gain/(loss)” line item in the condensed statement of profit or loss and other comprehensive income.

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(continued)

### (b) Fair values 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 2021 and 30 September 2021.

## 15. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in these unaudited condensed financial statements, the Company also had the following material transactions with related parties during the six months ended 30 September 2021.

### (a) Key management personnel remuneration

The remuneration of key management personnel during the six months ended 30 September 2021 was approximately HK\$1,003,000 (six months ended 30 September 2020: HK\$1,190,000).

### (b) Financing arrangements

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Loans from an ultimate holding company	<b>4,004</b>	3,500

Note: The loans from an ultimate holding company were unsecured and repayable on 31 December 2022. Principal amount of HK\$2,500,000 of the loans from an ultimate holding company carries interest at Hong Kong Interbank Offered Rate for the interest period of 12 months and the remaining balance is interest-free.

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2021

## 15. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

### (c) Transactions with a related party

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Investment management fees charged by INV Advisory Limited ("INV Advisory")	810	540

Note: INV Advisory was entitled to an investment management fee of HK\$1,620,000 per annum for provision of non-discretionary investment management services to the Company. Ms. Chan Mei Yan, a Director of the Company, is also a director of INV Advisory.

## 16. APPROVAL OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

These unaudited condensed interim financial statements were approved by the Board on 30 November 2021.

# Management Discussion and Analysis

## INTERIM RESULTS

During the Period, the Company recorded a loss of approximately HK\$3,230,000 (six months ended 30 September 2020: loss of approximately HK\$4,126,000), representing a decrease in loss for the Period of approximately HK\$896,000 as compared with the corresponding period last year mainly due to the net investment gain recognized during the Period of approximately HK\$474,000 and the lower general and administrative expenses incurred for the Period. Realized net investment gain of approximately HK\$474,000 was recognized for the Period in respect of the final distribution from the financial asset at fair value through profit or loss. General and administrative expenses for the Period amounted to approximately HK\$3,710,000, representing a decrease by approximately HK\$523,000 as compared with the six months ended 30 September 2020 mainly due to lower legal and professional fees and directors' remuneration.

## BUSINESS REVIEW AND PROSPECTS

In the third quarter of 2021, Hong Kong's economic recovery became more significant with real GDP expanding further by 5.4% year-on-year, thanks to the continued revitalization of global economic activity and stable local epidemic situation. The local stock market, however, corrected more than 20% from the peak in February, under the uncertainties of China's economy and asset prices.

Looking ahead, the global economic recovery should render further support to Hong Kong's merchandise exports. However, the pandemic development especially the threat of the more infectious variants, will continue to pose downside risks to the global economic outlook. Moreover, the escalation in energy prices and higher inflation pressures in the US and Europe have cast uncertainties over the future central banks' monetary policies. Developments in China-US relations and geopolitical tensions also result in alert to investors.

We remain attentively cautious under the external and internal investment environments.

Referring to our investment portfolio, during September 2021, we exited our closed-end fund investment, CMHJ Technology Fund II, L.P.. As a result, around USD117,000 were realized in the Company. Details are disclosed in the "Significant Investments Held" section below.

Approaching 2022, we will actively raise new capital for our investment management purpose. We shall continue to focus on seeking lower risk under-performed investment opportunities for our investment portfolio.

# Management Discussion and Analysis

## **SIGNIFICANT INVESTMENTS HELD**

During the Period, the only investment held by the Company was CMHJ Technology Fund II, L.P (“CMHJ” or the “Fund”). CMHJ was an exempted limited partnership registered in the Cayman Islands on 28 September 2005 and has been registered under the Private Fund Act of the Cayman Islands on 7 August 2020. The principal activity of CMHJ was to make venture capital investments, principally by investing in and holding equity and equity-oriented securities of privately-held early stage to Pre-Initial Public Offering companies in the technology-enabled services and products industries with substantial markets and/or operations (planned or existing) in Mainland China.

In September 2021, the Company was notified by the general partner of CMHJ that all the investments of the Fund have been disposed of and the Fund shall be liquidated and a final distribution shall be made by CMHJ to the limited partners of the Fund. Final distribution of approximately US\$117,000, equivalent to approximately HK\$906,000 was received by the Company from CMHJ in September 2021. Net realized investment gain from dissolution of CMHJ of approximately HK\$474,000 was recognized during the Period.

As at 30 September 2021, the Company did not hold any investment.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES**

The Company did not have any acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

# Management Discussion and Analysis

## LOANS FROM A CONTROLLING SHAREHOLDER

In October and November 2020, the Company entered into two loan agreements with Renown Future Limited (“Renown Future”), a controlling shareholder of the Company, pursuant to which Renown Future agreed to provide two loans to the Company in the principal amount of up to HK\$2,500,000 and HK\$10,000,000 respectively. The loans did not bear interest and were repayable within one year. As at 31 March 2021, HK\$3,500,000 has been drawn and used as working capital of the Company. In April and June 2021, the Company entered into loan extension agreements with Renown Future to extend the maturity dates of these loans to 31 December 2022. The drawdown period of the unutilised amount of the second loan has also been extended to 31 December 2022. The first loan of principal amount of HK\$2,500,000 shall carry interest at Hong Kong Interbank Offered Rate for the interest period of 12 months after the extension of the loan maturity with effect from 29 April 2021. As at 30 September 2021, loans from Renown Future amounted to approximately HK\$4,004,000 which comprised principal amount of loans drawn of HK\$4,000,000 and accrued interest of approximately HK\$4,000.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the Company had cash and bank balances of approximately HK\$711,000 (31 March 2021: HK\$1,327,000). The Company had loans from a controlling shareholder of approximately HK\$4,004,000 as at 30 September 2021 (31 March 2021: HK\$3,500,000) which were repayable on 31 December 2022. Details of the loans from a controlling shareholder are disclosed in the “Loans from a Controlling Shareholder” section above. The gearing ratio of the Company as at 30 September 2021 was approximately 3.6 (31 March 2021: 1.5) which was calculated based on the Company’s total borrowings to total assets.

In preparing the financial statements, the Directors have given careful consideration to the future liquidity of the Company in light of the Company’s net liabilities of approximately HK\$6,453,000 and net current liabilities of approximately HK\$2,460,000 as at 30 September 2021.

# Management Discussion and Analysis

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

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

The Directors have carried out a detailed review of the cash flow forecast of the Company for the next twelve months from 30 September 2021. Having considered the future liquidity and performance of the Company and its available sources of financing, the Directors are satisfied that the Company will have sufficient working capital for its present requirements for the foreseeable future.

## **CHARGES ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES**

As at 30 September 2021, there was no charge on the Company's assets or any significant contingent liabilities (31 March 2021: Nil).

## **CAPITAL EXPENDITURES**

The Company did not make any significant capital expenditure during the Period (six months ended 30 September 2020: Nil).

## **COMMITMENTS**

The Company had no capital commitment as at 30 September 2021 (31 March 2021: Nil).

## **CAPITAL STRUCTURE**

As at 30 September 2021, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 172,800,000 (31 March 2021: 172,800,000).

# Management Discussion and Analysis

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 September 2020: Nil).

## PURCHASE, SALE AND REDEMPTION OF OWN SHARES

During the Period, the Company did not purchase, sell or redeem any of its shares (six months ended 30 September 2020: Nil).

## FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

The Company did not execute any agreement in respect of material investment or capital asset during the Period and did not have any other plans relating to material investment or capital asset as at 30 September 2021. Nonetheless, if any potential investment opportunity arises in the future, the Company will perform feasibility studies and prepare implementation plans to consider whether it will be beneficial to the Company and the Shareholders as a whole to make such investment.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Company had 4 employees (31 March 2021: 4), including the executive Director.

Total remuneration paid to the employees of the Company, including the executive Director, during the Period amounted to approximately HK\$1,207,000 (six months ended 30 September 2020: approximately HK\$1,493,000). 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.

# Management Discussion and Analysis

## DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

At no time during the Period was the Company or its associated companies a party to any arrangements to enable the Directors or chief executive of the Company to acquire any interests or benefits by means of acquisition of shares, underlying shares in or debentures of the Company.

## DIRECTORS' AND/OR CHIEF EXECUTIVES' INTEREST IN SHARES

As at 30 September 2021, 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, Cap. 571 of the Laws of Hong Kong, ("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' and/or chief executives' interests in the shares of associated corporations

Name of associated corporation	Name of chief executive	Capacity	Long/short position	Number of ordinary shares in the associated corporation	Approximate percentage of the issued share capital in the associated corporation
Renown Future Limited	Wang Biao	Beneficial owner	Long position	1	20%

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 30 September 2021.

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, 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:

# Management Discussion and Analysis

Name of substantial shareholder	Capacity	Long/short position	Number of shares	Approximate percentage of existing shareholding (Note 2)
1. Renown Future Limited	Beneficial owner	Long position	88,129,080	51.00%
2. Treasure Isle Global Limited	Beneficial owner	Long position	25,954,878 (Note 1)	15.02%
3. Li Bohan ("Mr. Li")	Interest of a controlled corporation	Long position	25,954,878 (Note 1)	15.02%
4. Zhang Jianming ("Mr. Zhang")	Interest of a controlled corporation	Long position	25,954,878 (Note 1)	15.02%
5. Dr. Chan Man Fung	Beneficial owner	Long position	14,916,042	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. The percentage of shareholding is calculated on the basis of 172,800,000 shares in the Company in issue as at 30 September 2021.

Save as disclosed above, as far as the Directors are aware, no other person 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 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 30 September 2021.

## CORPORATE GOVERNANCE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Company and the Shareholders. The Company has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company's code of corporate governance practices. During the Period, the Company has complied with the code provisions under the CG Code.

# Management Discussion and Analysis

## **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 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. On specific enquiries made, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Period.

## **AUDIT COMMITTEE**

The Audit Committee, comprising three independent non-executive Directors and the non-executive Director, has reviewed with the management of the Company the accounting principles and practices adopted by the Company and discussed the auditing, internal control, risk management and financial reporting matters, including a review of the Company’s unaudited interim financial statements for the Period.

## **REVIEW OF UNAUDITED FINANCIAL INFORMATION**

The Audit Committee has reviewed the unaudited interim financial report for the Period.

## **FORWARD-LOOKING STATEMENTS**

This interim report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of the Company regarding the industry and markets in which it invests. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company’s control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

## **SHARE OPTION SCHEME**

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

By order of the Board

**Xu Yanfa**

*Chairman*

Tianjin, the PRC, 30 November 2021