

GRAND FORTUNE HIGH GRADE LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 OCTOBER 2017

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GRAND FORTUNE HIGH GRADE LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

<u>Officers and Directors</u>	Kit Ling Law (Chairman and Chief Financial Officer) Wong Lee Chun (Chief Executive Officer) Yan Wing Laurence Cheung (Non-Executive Director) Angus Sigurd Irvine (Non-Executive Director) Anthony Wonnacott (Non-Executive Director)
<u>Registered Office</u>	Willow House Cricket Square PO Box 709 Grand Cayman KY1-117 Cayman Islands
<u>Solicitors to the Company as to English Law</u>	Fladgate LLP 16 Great Queen Street London WC2B 5DG
<u>Attorneys to the Company as to Cayman Island Law</u>	Collas Crill Floor 2, Willow House PO Box 709 Cricket Square Grand Cayman KY1-1107 Cayman Islands
<u>Auditors and Reporting Accountants</u>	Crowe Clark Whitehill LLP St. Bride's House 10 Salisbury Square London EC4Y 8EH
<u>Broker</u>	Cornhill Capital Limited 4 th Floor 18 St. Swithin's Lane London EC4N 8AD
<u>Registrar</u>	Computershare Investor Services (Cayman) Limited The R&H Trust Co Ltd Winward 1 Regatta Office Park West Bay Road Grand Cayman KY1-1103 Cayman Islands
<u>Depository</u>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 7NH United Kingdom
<u>Website</u>	www.gf-hg.com

GRAND FORTUNE HIGH GRADE LIMITED
CHAIRMAN'S STATEMENT
FOR THE PERIOD ENDED 31 OCTOBER 2017

I am pleased to present the accounts for the period from 1 May 2017 to 31 October 2017. During the period, the Company reported a loss of £428,089 (loss of £172,584 for the period from 1 October 2016 to 30 April 2017) which arose from professional fees in connection with the listing and general administration expenses. As at the date of signing this report the Company has approximately £3.55 Million of cash balances.

Following its listing on the London Stock Exchange on 22 May 2017, the Company has been focused on the development, by organic growth, of its financial training business in order to satisfy the significant demand for financial sector specialists in China. To assist in that development, on 27 October, 2017, the Company announced that it was in the process of establishing a 100% owned subsidiary in Hong Kong. The Company believes that this will assist the expansion of the Company's business in Hong Kong and throughout mainland China. The Company remains in the early stages of development and is working towards running its first financial training courses in the first quarter of 2018.

Additionally, the Company held its shareholder meeting on 27 October 2017. All items proposed were approved by 100% of the votes cast at the meeting. Following the meeting, the Board of Directors is now comprised of Kit Ling Law (re-elected), Yan Wing Laurence Cheung (re-elected), Angus Irvine (re-elected), Wong Lee Ghun (elected) and Anthony Wonnacott (elected). The Company wishes to thank each of Hong Lin Cao (who was not re-appointed and was removed as a director), Yan Xu (who was not re-appointed and was removed as a director), Sandy Jadeja (who was not re-appointed and was removed as a director) and Yong Yan (who resigned as a director) for their services to the Company.

As the business activities develop, the Company will keep shareholders advised of its activities. We appreciate the assistance of our officers, directors and advisors as we work towards the development of our business.

KIT LING LAW
CHAIRMAN
8 DECEMBER 2017

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2017

Directors' report

The directors present their report together with the audited financial statements for the period ended 31 October 2017.

Principal activity and future developments

The company is focused on the development, by organic growth, of its financial training business in order to satisfy the significant demand for financial sector specialists in China.

Business review and management report

The loss on ordinary activities for the period from 1 May 2017 to 31 October 2017 was of £428,089 (loss of £172,584 for the period from 1 October 2016 to 30 April 2017).

The company had cash at bank and in hand of £3,607,685 at 31 October 2017. The principal risks and uncertainties that the company faces are in developing its financial training business in China, which is a new market. The company is aiming to tailor and deliver courses that are appropriate for the market but there is no guarantee there will be a sufficient demand for the courses offered.

The company has not carried out any activities in the field of research and development.

Events that have occurred since the end of the financial period are detailed in note 16 to the accounts.

Dividends

The directors do not recommend the payment of a final dividend for the period.

Directors

The following directors served during the period to 31 October 2017:

KIT LING LAW	-	CHAIRMAN AND CHIEF FINANCIAL OFFICER
WONG LEE CHUN	-	CHIEF EXECUTIVE OFFICER
HONG LIN CAO	-	CHIEF EXECUTIVE OFFICER (CEASED 27 OCTOBER 2017)
YAN WING LAURENCE CHEUNG	-	NON-EXECUTIVE DIRECTOR (CEASED AS CHIEF FINANCIAL OFFICER ON 27 OCTOBER 2017)
YAN XU	-	BUSINESS DEVELOPMENT DIRECTOR (CEASED 27 OCTOBER 2017)
YONG YAN	-	TRAINING DIRECTOR (CEASED 27 OCTOBER 2017)
SANDY JADEJA	-	NON-EXECUTIVE DIRECTOR (CEASED 27 OCTOBER 2017)
ANGUS SIGURD IRVINE	-	NON-EXECUTIVE DIRECTOR
ANTHONY WONNACOTT	-	NON-EXECUTIVE DIRECTOR

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2017

(CONTINUED)

Substantial shareholdings

Except for the interests of those persons set out below, the Directors are not aware of any interest (other than the interests of the Directors) which, at the date of this document would amount to 3% or more of the Company's issued share capital:

<u>Name</u>	<u>Number of Ordinary Shares</u>	<u>Approximate % Holding</u>
Kit Ling Law	46,800,000	29.25%
Yan Wing Laurence Cheung	38,996,100	24.37%

Directors' interests

The directors' interests in the share capital of the company are shown below. All interests are beneficial.

<u>Name</u>	<u>Number of Ordinary Shares</u>
Kit Ling Law	46,800,000
Wong Lee Chun	-
Hong Lin Cao	-
Yan Wing Laurence Cheung	38,996,100
Yan Xu	-
Yong Yan	-
Sandy Jadeja	-
Angus Sigurd Irvine	-
Anthony Wonnacott	-

Directors' emoluments are detailed in Notes 9, 11 and 17 to the accounts.

Auditors

A resolution re-appointing Crowe Clark Whitehill LLP as auditors of the company was approved by shareholders at the annual general meeting held on 27 October 2017.

Share capital and voting rights

On 22 May 2017, the Company completed the placing of 43,000,000 ordinary shares issued at a price of £0.10 per ordinary share for gross proceeds of £4,300,000. In connection with the placing, the ordinary shares of the Company were admitted by the Financial Conduct Authority (FC) to a Standard Listing on the Official List in accordance with Chapter 14 of the Listing Rules and commenced trading on the London Stock Exchange's main market for listed securities.

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2017

(CONTINUED)

Going concern

The company is focused on the development, by organic growth, of a financial training business in China, and, apart from a small amount of interest receivable, currently has no income stream. Until the training business has been adequately developed and is generating revenue, it is therefore dependent on its cash reserves to fund ongoing costs. At 31 October 2017, the Company's cash position was £3,607,685.

After reviewing the company's budget for the period ending 30 October 2018 and its medium term plans, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future.

For this reason, they continue to adopt the going concern basis in preparing the accounts.

Financial risk management

The company's financial risk management objective is to minimise, as far as possible, the company's exposure to such risk as detailed in **note 13** to the accounts.

Corporate governance

As a company with a Standard Listing, the Company is not required to comply with the provisions of the Corporate Governance Code. Although, the Company does not comply with the UK Corporate Governance Code, the Company intends to adopt corporate governance procedures as are appropriate for the size and nature of the Company and the size and composition of the Board. These corporate governance procedures have been selected with due regard to for the provisions of the Corporate Governance Code insofar as is appropriate. A description of these procedures is set out below:

- as the Company is a start-up it will not have separate risk, compliance or nomination committees. The Board as a whole will instead review risk, compliance and nominations matters, as well as the Board's size, structure and composition, taking into account the interests of the Shareholders and the performance of the Company. Once the Company has achieved sufficient growth, the Board intends to put in place risk, compliance and nomination committees.
- One-third of Directors (or, where their number is not divisible by three, the nearest number not exceeding one-third) will be required to retire and seek re-elections on an annual basis.

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2017

(CONTINUED)

Directors' responsibility statement

The directors are responsible for preparing the annual report and the non-statutory financial statements. The directors are required to prepare financial statements for the Company in accordance with International Financial Reporting Standards as adopted by the EU (together, "IFRS").

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of transactions, other events and conditions in accordance with the definitions and recognition criteria for the assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair representation will be achieved by compliance with all IFRS. Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Grand Fortune High Grade Limited website is the responsibility of the Directors; work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the Cayman Islands governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

The Directors are responsible for preparing the Financial Statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR') and with International Financial Reporting Standards (IFRS) as adopted by the European Union.

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2017

(CONTINUED)

The directors confirm, to the best of their knowledge that:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the financial statements include a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

By order of the board

KIT LING LAW
CHAIRMAN
8 DECEMBER 2017

GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2017
FINANCIAL STATEMENTS OF THE COMPANY

STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income of the Company is stated below:

	Note	1 May 2017 to 31 October 2017 £	1 October 2016 to 30 April 2017 £
Revenue		-	-
Administrative expenses	4	<u>(428,282)</u>	<u>(172,586)</u>
Operating Loss		(428,282)	(172,586)
Finance income		<u>193</u>	<u>2</u>
Loss before tax		(428,089)	(172,584)
Taxation	5	<u>-</u>	<u>-</u>
Total comprehensive loss for the period attributable to the equity holders of the Company		<u><u>(428,089)</u></u>	<u><u>(172,584)</u></u>
Loss per Ordinary Share:			
Basic and diluted (pence)	6	(0.27)	(0.15)

The notes to the financial statements form an integral part of these financial statements.

GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2017

STATEMENT OF FINANCIAL POSITION

The statement of financial position of the Company is stated below:

	Note	At as 31 October 2017 £	As at 30 April 2017 £
Assets			
<i>Current assets</i>			
<i>Other receivables</i>	7	0	7,055
<i>Cash and cash equivalents</i>		<u>3,607,685</u>	<u>31,947</u>
Total assets		<u>3,607,685</u>	<u>39,002</u>
 Equity and liabilities			
<i>Capital and reserves</i>			
Share capital	10	4,311,700	11,700
Accumulated losses		<u>(736,807)</u>	<u>(308,718)</u>
Total equity attributable to equity holders of the Company		3,574,893	(297,018)
 <i>Current liabilities</i>			
Amounts owing to Directors	11	32,792	324,020
Other payables	8	<u>0</u>	<u>12,000</u>
Total liabilities		32,792	336,020
 Total equity and liabilities		 <u>3,607,685</u>	 <u>39,002</u>

The notes to the financial statements form an integral part of these financial statements.

This report was approved by the board and authorised for issue on 8 December 2017 and signed on its behalf by;

.....Kit Ling Law - Chairman

GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2017

STATEMENT OF CHANGES IN EQUITY

The statements of changes in equity of the Company for period from incorporation on 10 November 2015 to 31 October 2017 are set out below:

	Share Capital £	Accumulated Losses £	Total £
Balance on incorporation on 10 November 2015	-	-	-
Loss for the period after taxation	-	(136,134)	(136,134)
<i>Total comprehensive loss for the period</i>	-	(136,134)	(136,134)
Ordinary Shares issued	11,700	-	11,700
<i>Transactions with owners</i>	<i>11,700</i>		<i>11,700</i>
Balance as at 30 September 2016	11,700	(136,134)	(124,434)
Balance on 30 September 2016	11,700	(136,134)	(124,434)
Loss for the period after taxation	-	(172,584)	(172,584)
<i>Total comprehensive balances</i>	11,700	(308,718)	(297,018)
<i>Transactions with owners</i>	-	-	-
Balance as at 30 April 2017	11,700	(308,718)	(297,018)
Balance on 30 April 2017	11,700	(308,718)	(297,018)
Loss for the period after taxation	-	(428,089)	(428,089)
<i>Total comprehensive balances</i>	11,700	(736,807)	(725,107)
Ordinary Shares issued	4,300,000	-	4,300,000
<i>Transactions with owners</i>	<i>4,300,000</i>		<i>4,300,000</i>
Balance as at 31 October 2017	4,311,700	(736,807)	(3,574,893)

The share capital comprises the Ordinary Shares of the Company.

Accumulated losses represent the aggregate retained loss of the Company since incorporation.

The notes to the financial statements form an integral part of these financial statements.

GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2017

CASH FLOW STATEMENT

The cash flow statement of the Company is set out below:

	1 May 2017 to 31 October 2017	1 October 2016 to 30 April 2017
	£	£
Cash flows from operating activities		
Loss for the period before taxation	(428,089)	(172,584)
Finance income	(193)	(2)
<i>Adjustments for non-cash items:</i>		
Foreign currency loss	657	(172)
Foreign currency loss (Bank Charges)	(657)	16
<i>Working capital adjustments:</i>		
Increase in other receivables	7,055	36,195
Increase in other payables	<u>(303,227)</u>	<u>132,400</u>
Net cash used in operating activities	(724,454)	(4,147)
Cash flows from investing activities		
Interest received	<u>193</u>	<u>2</u>
Net cash flow from investing activities	193	2
Cash flows from financing		
Receipt of Director's loan	-	4,177
Proceeds from the issue of Ordinary Shares	<u>4,300,000</u>	<u> </u>
Net cash inflow from financing activities	4,300,000	4,177
Increase in cash	<u><u>3,575,738</u></u>	<u><u>32</u></u>
Cash and cash equivalents, beginning of the period	<u>31,947</u>	<u>31,915</u>
Cash and cash equivalents, end of the period	<u><u>3,607,685</u></u>	<u><u>31,947</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Company is a company incorporated under the laws of the Cayman Islands under the Companies Law. The Company was incorporated 10 November 2015 as an exempted company. The Company's registered number is 305700 and its registered office is at Willow House, Cricket Square, PO Box 709, Grand Cayman KY1-1107, Cayman Islands

The Company's objective is to take advantage of opportunities to establish a financial training business.

This financial information has been prepared in accordance with IFRS as adopted by the European Union ("EU"). The standards have been applied consistently during the period under review.

2. Accounting Policies

Basis of preparation

The principal accounting policies adopted by the Company in the preparation of the financial information are set out below.

The financial information has been presented in pound sterling, being the functional currency of the Company.

The financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), including interpretations made by the International Financial Reporting Interpretations Committee (IFRIC) issued by the International Accounting Standards Board (IASB). The standards have been applied consistently.

Comparative figures

The financial information presents the comparative figures for the period from 1 October 2016 to 30 April 2017 and the financial information for the period from 1 May 2017 to 31 October 2017. These comparatives are not comparable due to the differing period lengths.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies (continued)

Standards and interpretations issued but not yet applied

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the European Union.

The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the company in future periods.

Going concern

The company is focused on the development, by organic growth, of a financial training business in China, and, apart from a small amount of interest receivable, currently has no income stream. Until the training business has been adequately developed and is generating revenue, it is therefore dependent on its cash reserves to fund ongoing costs. At 31 October 2017, the Company's cash position was £3,607,685.

After reviewing the company's budget for the period ending 31 October 2018 and its medium term plans, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future.

The financial information does not include any adjustments that would result if the Company were unable to continue as a going concern.

Taxation

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets within the scope of IAS 39 are classified as either:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; or
- available-for-sale financial assets.

The classification depends on the purpose for which the financial assets were acquired. The Directors determine the classification of its financial assets at initial recognition and re-evaluate this classification at every reporting date.

The Company has classified cash and cash equivalents as “loans and receivables”.

As at the balance sheet date, the Company did not have any “financial assets at fair value through profit or loss”, “held-to-maturity investments” or “available-for-sale financial assets”.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting Policies (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

The Director's loan is initially measured at amortised cost, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Foreign currencies

Profit and loss account transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Cash and cash equivalents

The Company considers any cash on short-term deposits and other short-term investments to be cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Critical accounting estimates and judgement

The preparation of the financial information in conformity with IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities. Estimates and judgements are continually evaluated, including expectations of future events to ensure these estimates to be reasonable.

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 Company's nature of operations is to develop and run financial training courses in China. The only significant accounting judgement is that costs incurred in relation to the potential admission have been recognised as an asset until such a time that admission has occurred as in the directors opinion it is probable that a transaction will occur.

4. Administrative expenses

	1 May 2017 to 31 October 2017 £	1 October 2016 to 30 April 2017 £
Directors remuneration	103,072	120,400
Legal and professional fees	321,916	50,282
Bank charges	2,637	76
Foreign currency (gain) / loss	<u>657</u>	<u>(172)</u>
	<u>428,282</u>	<u>172,586</u>

5. Taxation

The Company is incorporated in the Cayman Islands. All costs have been incurred by this Company and, as such, the loss incurred in the period is subject to Cayman Islands taxation legislation. The prevailing taxation rate is 0%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Loss per Ordinary Share

The calculation for earnings per Ordinary Share (basic and diluted) for the relevant period is based on the profit after income tax attributable to equity holder is as follows:

	1 May 2017 to 31 October 2017	1 October 2016 to 30 April 2017
Loss attributable to equity holders (£)	(428,089)	(172,584)
Weighted average number of Ordinary Shares	160,000,000	117,000,000
Earnings per share (pence)	<u>(0.27)</u>	<u>(0.15)</u>

7. Other receivables

	As at 31 October 2017 £	As at 30 April 2017 £
Prepayments	<u>0</u>	<u>7,055</u>
	<u>0</u>	<u>7,055</u>

8. Other payables

	As at 31 October 2017 £	As at 30 April 2017 £
Accruals	<u>0</u>	<u>12,000</u>
	<u>0</u>	<u>12,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Key management personnel

Directors are considered the only key management personnel and the following directors' remuneration was accrued in the periods below.

	As at 31 October 2017 £	As at 30 April 2017 £
Hong Lin Cao	4,678	32,500
Yan Wing Laurence Cheung	4,400	28,600
Wong Lee Chun	387	0
Angus Irvine	3,500	45,500
Sandy Jadeja	3,048	45,500
Kit Ling Law	3,000	19,500
Anthony Wonnacott	452	0
Yan Xu	4,306	19,500
Yong Yan	5,000	32,500
	<u>28,771</u>	<u>223,600</u>

10. Share capital

	As at 31 October 2017 £	As at 30 April 2017 £
160,000,000 Ordinary Shares of £0.001 each, fully paid	<u>4,311,700</u>	<u>11,700</u>
	<u>4,311,700</u>	<u>11,700</u>

On 10 November 2015, the Company was incorporated and on incorporation, the issued share capital of the Company was £0.0001 comprising 1 Ordinary Share of £0.0001 which was issued to Kit Ling Law at par for cash.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Share capital (continued)

On 10 November 2015, the Company allotted a further 9,999 Ordinary Shares at par for cash consideration of £1.

On 6 May 2016, the Company allotted a further 116,990,000 Ordinary Shares at par for cash consideration of £11,699.

On 22 May 2017, the Company allotted a further 43,000,000 Ordinary Shares at par for cash consideration of £4,300,000.

11. Amounts owing to Directors

	As at 31 October 2017	As at 30 April 2017
	£	£
Kit Ling Law	4,021	100,420
Directors Fees	28,771	223,600
	<u>32,792</u>	<u>324,020</u>

During the period from incorporation 10 November 2015 to the period ended 31 October 2017, Kit Ling Law loaned the Company a total of £100,402. During the period from 1 May 2017 to 31 October 2017, the Company repaid Kit Ling Law £96,399, leaving a balance owing of £4,021 as of 31 October 2017.

The loan is unsecured, interest free and is repayable on demand.

The maximum amount owing to Kit Ling Law during the period ended 31 October 2017 was £121,402, however a portion of this was repaid and the amount outstanding as of 31 October 2017 was £7,021. Kit Ling Law is a related party by virtue of her being Chairman and shareholder of the Company.

The above Directors fees payable relates to directors' remuneration between April 2016 and the respective periods listed above. As of 31 October 2017, the only amounts owing to Directors are the amounts for fees accrued in October 2017 as all other outstanding amounts were paid during the period ended 31 October 2017.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Financial instruments

	As at 31 October 2017	As at 30 April 2017
	£	£
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	<u>3,607,685</u>	<u>31,947</u>
Total financial assets	<u>3,607,685</u>	<u>31,947</u>
Financial liabilities at amortised cost		
Amounts owing to Directors	32,792	324,020
Other payables	<u>0</u>	<u>12,000</u>
Total financial liabilities	<u>32,792</u>	<u>336,020</u>

13. Financial risk management

The Company uses a limited number of financial instruments, comprising cash and amounts owing to Directors, which arise directly from operations. The Company does not trade in financial instruments.

General objectives, policies and processes

The Directors have overall responsibility for the determination of the Company's risk management objectives and policies. Further details regarding these policies are set out below:

Currency risk

As the Company operates internationally, its exposure to foreign exchange risk relates to transactions and balances that are denominated in currencies other than £. The Directors manage the Company's exposure to currency risk by operating foreign currency bank accounts, being £, HKD, RMB and USD. It is the Directors' view that the size and complexity of the Company's trade does not warrant financial hedging arrangements currently, although this view will be regularly reviewed as the Company develops.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Financial risk management (continued)

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a contract, leading to a financial loss. The Company had cash and cash equivalents of £3,607,685 as at 31 October 2017. The credit risk from its liquid funds is limited as the counter parties are banks with high credit ratings which have not experienced any losses in such accounts.

Liquidity risk

Liquidity risk arises from the Directors' management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Directors' policy is to ensure that the Company will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Directors seek to maintain a cash balance sufficient to meet expected requirements.

The Directors have prepared cash flow projections on a monthly basis through to 31 October 2018. At the end of the period under review, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

15. Capital risk management

The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the date of this financial information, the Company had been financed by equity and Directors' loans. In the future, the capital structure of the Company is expected to consist of equity attributable to equity holders of the Company, comprising issued share capital and reserves.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Subsequent events

Following the shareholder meeting on 27 October 2017, the Board of Directors is now comprised of Kit Ling Law (re-elected), Yan Wing Laurence Cheung (re-elected), Angus Irvine (re-elected), Wong Lee Ghun (elected) and Anthony Wonnacott (elected). In accordance with the terms of their executive service agreements, each of Hong Lin Cao, Yan Xu, Sandy Jadeja and Yong Yan ceased to accrue fees for their services on 27 October 2017.

On 27 October 2017, Kit Ling Law was re-appointed as Chairman of the Company and appointed as Chief Financial Officer of the Company. There were no changes to the compensation under the executive service agreement (with her annual salary remaining at £18,000 per annum, payable monthly in arrears).

On 27 October 2017, Wong Lee Chun was appointed as Chief Executive Officer of the Company. Under the terms of the executive service agreement, her annual salary will be £36,000 per annum, payable monthly in arrears, effective from 27 October 2017.

On 27 October 2017, Yan Wing Laurence Cheung was appointed as a non-executive director of the Company. The terms of his compensation under the executive service agreement was amended such that his annual salary would be HKD\$240,000 per annum, payable monthly in arrears, effective from 27 October 2017.

On 27 October 2017, Angus Irvine was re-appointed as a non-executive director of the Company. There were no changes to the compensation under the executive service agreement (with his annual salary remaining at £42,000 per annum, payable monthly in arrears).

On 27 October 2017, Anthony Wonnacott was appointed as a non-executive director of the Company. Under the terms of the executive service agreement, his annual salary will be £42,000 per annum, payable monthly in arrears, effective from 27 October 2017.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Related party transactions

During the period from incorporation 10 November 2015 to the period ended 31 October 2017, Kit Ling Law loaned the Company a total of £100,402. During the period from 1 May 2017 to 31 October 2017, the Company repaid Kit Ling Law £96,399, leaving a balance owing of £4,021 as of 31 October 2017.

Kit Ling Law is a related party by virtue of her being Chairman and shareholder of the Company. The maximum amount owing to Kit Ling Law during the period ended 31 October 2017 was £121,402, however a portion of this was repaid and the amount outstanding as of 31 October 2017 was £7,021.

All other amounts owing to directors relate to directors' remuneration accrued between April 2016 and the period ended 31 October 2017, see note 9 and 11 for a summary.

18. Ultimate controlling party

As at 31 October 2017, the Company did not have any one identifiable controlling party.