

GRAND FORTUNE HIGH GRADE LIMITED

CONSOLIDATED REPORTS AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 OCTOBER 2020

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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) 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 Group as to English Law</u>	Fladgate LLP 16 Great Queen Street London WC2B 5DG
<u>Attorneys to the Group 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 U.K. LLP St. Bride's House 10 Salisbury Square London EC4Y 8EH
<u>Broker</u>	Pello Capital Limited 7 th Floor 10 Lower Thames Street London EC3R 6AF
<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 2020

I am pleased to present the accounts for the period from 1 May 2020 to 31 October 2020. During the period, the Group reported a loss of £174,815 (loss of £192,302 for the period from 1 May 2019 to 31 October 2019) which arose from professional fees, rent, wages and general administration expenses in connection with the ongoing operations of the Group. As at the date of signing this report the Group has approximately £2.25 Million of cash balances.

Following its listing on the London Stock Exchange on 22 May 2017, the Group 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, the Group has established a 100% owned subsidiary in Hong Kong – Grand Fortune High Grade (HK) Limited which in turn has a 100% owned subsidiary in mainland China – Shen Zhen Shi Ji Fu Education Information Consulting Co. Ltd. (and the consolidated financial statements presented herein comprise of the financial statements of Grand Fortune High Grade Limited, Grand Fortune High Grade (HK) Limited and Shen Zhen Shi Ji Fu Education Information Consulting Co. Ltd.).

Grand Fortune High Grade Limited held its shareholder meeting on 21 October 2019. All items proposed were approved by 100% of the votes cast at the meeting. Following the meeting, the Board of Directors was comprised of Kit Ling Law (re-elected), Angus Irvine (re-elected), Wong Lee Chun (re-elected) and Anthony Wonnacott (re-elected).

The past eighteen months have been challenging. Despite our best efforts, the Group was not able to generate any revenue from its financial training business. The Group has been evaluating the way the financial training courses are both marketed and offered. In the midst of the review by our team (which now includes advisors retained during the year), the world was confronted with challenges of the COVID-19 pandemic. The impact of COVID-19 has had a devastating effect on the global economy and on the ability of the Group to offer financial training courses in person. While the timing of the return to normalized economic activity remains a question, the Group has been developing an online training platform as a different potential revenue stream. The implementation and success of this online training platform is one of the biggest tests for the Group going forward.

As the business activities develop, the Group 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
6 JANUARY 2021

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2020

Directors' report

The directors present their report together with the consolidated financial statements for the period ended 31 October 2020.

Principal activity and future developments

Grand Fortune High Grade Limited (individually, or collectively with its subsidiary, Grand Fortune High Grade (HK) Limited (“GFHG HK”) and GFHG HK’s wholly owned subsidiary Shen Zhen Shi Ji Fu Education Information Consulting Co. Ltd. (“Ji Fu Education”), as applicable, the “Group”) 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 2020 to 31 October 2020 was of £174,815 (loss of £192,302 for the period from 1 May 2019 to 31 October 2019).

The Group had cash at bank and in hand of £2,267,429 at 31 October 2020. The principal risks and uncertainties that the Group faces are in developing its financial training business in China, which is a new market. The Group 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 Group 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 2020:

KIT LING LAW	-	CHAIRMAN AND CHIEF FINANCIAL OFFICER
WONG LEE CHUN	-	CHIEF EXECUTIVE OFFICER
ANGUS SIGURD IRVINE	-	NON-EXECUTIVE DIRECTOR
ANTHONY WONNACOTT	-	NON-EXECUTIVE DIRECTOR

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2020

(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 Grand Fortune High Grade Limited's issued share capital:

<u>Name</u>	<u>Number of Ordinary Shares</u>	<u>Approximate % Holding</u>
Kit Ling Law	33,509,084	20.94%
Hundred River Ltd. (Wong Lee Chun)	31,996,100	19.99%

Directors' Remuneration

Directors' emoluments are detailed in Notes 9 and 12 to the accounts.

Auditors

A resolution re-appointing Crowe U.K. LLP as auditors of the Group was approved by shareholders at the annual general meeting held on 21 October 2019. Shareholders will be asked to approve the re-appointment of Crowe U.K. LLP as auditors of the Group at the next annual general meeting.

Going concern

The Group is focused on the development, by organic growth, of a financial training business in China, and, apart from a small amount of interest receivable and a small amount of revenue from certain course offerings, 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 2020, the Group's cash position was £2,267,429.

After reviewing the Group's budget for the period ending 31 October 2021 and its medium-term plans, the directors have a reasonable expectation that the Group 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 Group's financial risk management objective is to minimise, as far as possible, the Group's exposure to such risk as detailed in note 14 to the accounts.

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2020

(CONTINUED)

Principle Risks and Uncertainties Facing the Group

The principle risks and uncertainties facing the Group are: (1) The Group's success is dependent on the successful development of a financial training business in China, and for the period ended 31 October 2020, apart from a small amount of interest receivable, the Group did not generate any revenue and there are no guarantees that the Group will develop a training business that will generate significant revenue to cover the expenses of the Group; and (2) Until the training business has been adequately developed and generating revenue, the Group is dependent on its cash reserves to fund ongoing costs – there are no guarantees that the Group will be successful in replenishing those cash reserves once depleted.

COVID-19 Risks

The worldwide emergency measures taken to combat the COVID-19 pandemic may continue, could be expanded, and could also be reintroduced in the future following relaxation. As governments implement monetary and fiscal policy changes aimed to help stabilize economies and capital markets, we cannot predict legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact our business. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn has caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain highly uncertain at this time. Furthermore, governments are developing frameworks for the staged resumption of business activities. As a result, it is difficult to predict how significant the impact of the COVID-19 pandemic, including any responses to it, will be on the global economy and our business.

The impact of COVID-19 has significantly reduced the ability of the Group to currently provide its training programs in a face to face setting and the ability to provide face to face training programs in the future is uncertain. As a result the Group is currently developing an online training platform for its offered programs. The implementation and success of this online training platform is uncertain.

Corporate governance

Due to the size and nature of the Group, it does not comply with the UK Corporate Governance Code. However it has adopted corporate governance procedures as are appropriate for the size and nature of the Group and the size and composition of the Board. These corporate governance procedures have been selected with due regard to for the provisions of the UK Corporate Governance Code insofar as is appropriate. A description of these procedures is set out below:

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2020
(CONTINUED)

- Due to the nature and size of the Group, it does not have separate audit, remuneration and 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 Group. Once the Group has achieved sufficient growth, the Board intends to put in place audit, remuneration 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.

Directors' responsibility statement

The Directors are responsible for preparing the management report, annual report and the non-statutory consolidated 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.

International Accounting Standard 1 requires that consolidated financial statements present fairly for each financial year the Group's consolidated financial position, consolidated financial performance and consolidated 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:

- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business
- 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 Group's consolidated financial position and financial performance.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2020
(CONTINUED)

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 confirm, to the best of their knowledge that:

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

By order of the board

"Kit Ling Law"
CHAIRMAN
6 JANUARY 2021

GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2020
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	1 May 2020 to 31 October 2020 £	1 May 2019 to 31 October 2019 £
Revenue		-	(26)
Administrative expenses	4	<u>(175,012)</u>	<u>(192,465)</u>
Operating Loss		(175,012)	(192,492)
Finance income		<u>197</u>	<u>189</u>
Loss before tax		(174,815)	(192,302)
Taxation	5	<u>-</u>	<u>-</u>
Total comprehensive loss for the period attributable to the equity holders of the Group		<u><u>(174,815)</u></u>	<u><u>(192,302)</u></u>
Loss per Ordinary Share:			
Basic and diluted (pence)	6	(0.11)	(0.12)

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

GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At as 31 October 2020 £	As at 31 October 2019 £
Assets			
<i>Current assets</i>			
<i>Other receivables</i>	7	-	9,688
<i>Cash and cash equivalents</i>		<u>2,267,429</u>	<u>2,651,979</u>
Total assets		<u>2,267,429</u>	<u>2,661,667</u>
 Equity and liabilities			
<i>Capital and reserves</i>			
Share capital	10	4,311,700	4,311,700
Share Based Payment Reserve	11	-	646,637
Accumulated losses		<u>(2,066,271)</u>	<u>(2,314,972)</u>
Total equity attributable to equity holders of the Group		2,245,429	2,643,365
 <i>Current liabilities</i>			
Amounts owing to Directors	12	18,500	18,302
Other payables	8	<u>3,500</u>	<u>-</u>
Total liabilities		22,000	18,302
 Total equity and liabilities		<u>2,267,429</u>	<u>2,661,667</u>

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

This report was approved by the board and authorised for issue on 6 January 2021 and signed on its behalf by;

.....Kit Ling Law - Chairman

GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital £	Share Based Payment Reserve £	Accumulated Losses £	Total £
Balance as at 30 April 2018		4,311,700	646,637	(1,604,283)	3,354,054
Balance on 30 April 2018		4,311,700	646,637	(1,604,283)	3,354,054
Loss for the year after taxation		-	-	(518,387)	(518,387)
<i>Total comprehensive balances</i>		4,311,700	646,637	(2,122,670)	2,835,667
Balance as at 30 April 2019		4,311,700	646,637	(2,122,670)	2,835,667
Balance on 30 April 2019		4,311,700	646,637	(2,122,670)	2,835,667
Loss for the year after taxation		-	-	(415,423)	(415,423)
<i>Total comprehensive balances</i>		4,311,700	646,637	(2,538,093)	2,420,244
Balance as at 30 April 2020		4,311,700	646,637	(2,538,093)	2,420,244
Balance on 30 April 2020		4,311,700	646,637	(2,538,093)	2,420,244
Loss for the period after taxation				(174,815)	(174,815)
Share Based Payments	11		(646,637)	646,637	-
<i>Total comprehensive balances</i>		4,311,700	-	(2,066,271)	2,245,035
<i>Transactions with owners</i>		-	-	-	-
Balance as at 31 October 2020		4,311,700	-	(2,066,271)	2,245,035

The share capital comprises the Ordinary Shares of Grand Fortune High Grade Limited.

Accumulated losses represent the aggregate retained loss of Grand Fortune High Grade Limited since incorporation.

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

GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2020

CONSOLIDATED CASH FLOW STATEMENT

	1 May 2020 to 31 October 2020	1 May 2019 to 31 October 2019
	£	£
Cash flows from operating activities		
Loss for the period before taxation	(174,815)	(192,302)
Share based payment charge	-	-
Finance income	(197)	(180)
<i>Adjustments for non-cash items:</i>		
Share based payment charge	-	-
Foreign currency loss/(gain)	4,309	(3,697)
<i>Working capital adjustments:</i>		
Decrease in other receivables	-	-
(Decrease)/Increase in other payables	(9,302)	(11,647)
Foreign currency loss/gain (Bank Charges)	(4,309)	3,697
Net cash used in operating activities	(184,314)	(204,129)
Cash flows from investing activities		
Interest received	197	180
Net cash flow from investing activities	197	180
Cash flows from financing		
Receipt of Director's loan	-	-
Proceeds from the issue of Ordinary Shares	-	-
Net cash inflow from financing activities	0	0
Increase in cash	(184,117)	(203,949)
Cash and cash equivalents, beginning of the period	2,451,546	2,855,928
Cash and cash equivalents, end of the period	2,267,429	2,651,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Grand Fortune High Grade Limited is incorporated under the laws of the Cayman Islands under the Companies Law. Grand Fortune High Grade Limited was incorporated on 10 November 2015 as an exempted company. Grand Fortune High Grade Limited'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 Group'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 Group 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 Group.

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.

Adoption of new and revised International Financial Reporting Standards

Effective on May 1, 2019, the Group adopted IFRS 16 Leases ("IFRS 16"). IFRS 16 specified how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, International Accounting Standard 17.

There was no impact on the Group's consolidated financial statements upon the adoption of this new standard as the Group does not have any applicable leases.

NOTES TO THE CONSOLIDATED 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 consolidated financial statements of the Group in future periods.

Going concern

The Group is focused on the development, by organic growth, of a financial training business in China, and, apart from a small amount of interest receivable and a small amount of revenue from certain course offerings, 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 2020, the Group's cash position was £2,267,429.

After reviewing the Group's budget for the period ending 31 October 2021 and its medium-term plans, the directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the directors have considered current and developing impact on the business as a result of the COVID-19 virus. Whilst this has not had an immediate impact on the Group's operations, it is not anticipated to have any significant impact given the relatively limited activities of the Group. The directors are aware that if the current situation becomes prolonged then this may need to be re-evaluated.

The financial information does not include any adjustments that would result if the Group 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 Group'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 CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Accounting Policies (continued)

Financial instruments

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

Financial assets

Under IFRS 9, financial assets are measured at amortised cost or fair value through other comprehensive income (“FVOCI”) depending on the business model and contractual cash flow characteristics. The classification depends on the basis on which assets are measured and if either criteria is not met, then the financial assets are held at fair value through profit or loss (“FVPL”).

The Group holds cash and cash equivalents at amortised cost.

As at the consolidated balance sheet date, the Group did not have any financial assets measured at FVPL or FVOCI.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group 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 Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured at amortised cost and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Accounting Policies (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group'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 Group considers any cash on short-term deposits and other short-term investments to be cash equivalents.

Leases/Rentals

The only leases the Group has entered into are short term leases. As permitted by IFRS 16 the Group has taken advantage of the exemption not to apply the requirements of IFRS 16 to short term leases and is recognising the expense in profit and loss evenly over the lease contract. The total expense incurred on short term leases is disclosed as rental expenses in note 4 to these financial statements.

Segment Information

In the Directors' opinion, the Group has only one operating segment – the development and operation of financial training courses in China. The internal and external reporting is on a consolidated basis with transactions between Group companies eliminated on consolidation. Therefore, the financial information of the single segment is the same as set out in the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of financial position and cash flows.

NOTES TO THE CONSOLIDATED 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 remain 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 Group's nature of operations is to develop and run financial training courses in China. The Group acquired the rights to training materials during the year ended 30 April 2019. The cost related to this acquisition did not meet the criteria for capitalization. Hence, it was fully impaired during that year.

4. Administrative expenses

	1 May 2020 to 31 October 2020	1 May 2019 to 31 October 2019
	£	£
Directors Remuneration	69,000	69,000
Directors Remuneration (adjustment)	198	-
Key Management personnel	3,521	4,765
Rental Expenses	2,080	3,434
Salaries/Wages	42,866	60,453
Office/General Expenses	9,588	10,859
Legal and Professional Fees	41,330	45,832
Bank Charges	2,120	1,819
Foreign currency (gain) / loss	4,309	(3,697)
	<u>175,012</u>	<u>192,465</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Taxation

Grand Fortune High Grade Limited is incorporated in the Cayman Islands. The operations of Grand Fortune High Grade Limited are, with the exception of regulatory filings, outside of the Cayman Islands. Accordingly, the costs and revenues of Grand Fortune High Grade Limited are subject to Cayman Islands taxation legislation where the prevailing taxation rate is 0%.

As GFHG HK is incorporated in Hong Kong it is subject to Hong Kong taxation legislation and as Ji Fu Education is incorporated in China it is subject to China taxation legislation. Any revenue earned by GFHG HK would be subject to Hong Kong taxation and any revenue earned by Ji Fu Education would be subject to China taxation. It is the intention of the Group to attempt to offset any revenue against historic costs incurred where such revenue is earned and a taxation reduction on such future revenue may be available. As the Group's expenses exceeded its revenue for the period ended 31 October 2020, it has not accrued any tax amount payable.

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 2020 to 31 October 2020	1 May 2019 to 31 October 2019
Loss attributable to equity holders (£)	(174,815)	(192,302)
Weighted average number of Ordinary Shares	160,000,000	160,000,000
Earnings per share (pence)	<u>(0.11)</u>	<u>(0.12)</u>

7. Other receivables

	As at 31 October 2020 £	As at 31 October 2019 £
Accounts Receivable	-	9,688
Prepayments	<u>-</u>	<u>-</u>
	<u>-</u>	<u>9,688</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other payables

	As at 31 October 2020 £	As at 31 October 2019 £
Accounts Payable	3,500	-
Accruals	-	-
	<u>3,500</u>	<u>-</u>

9. Key management personnel

Zhao Zhijun, the management director of GFHG HK, is considered a key management personnel and below is the remuneration that was paid in the periods below.

	As at 31 October 2020 £	As at 31 October 2019 £
Zhao Zhijun	3,521	4,765

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

	As at 31 October 2020 £	As at 31 October 2019 £
Hong Lin Cao	-	-
Yan Wing Laurence Cheung	-	13
Wong Lee Chun	3,000	2,903
Angus Irvine	3,500	3,500
Sandy Jadeja	-	-
Kit Ling Law	1,500	1,500
Anthony Wonnacott	10,500	10,386
Yan Xu	-	-
Yong Yan	-	-
	<u>18,500</u>	<u>18,302</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Share capital

	As at 31 October 2020 £	As at 31 October 2019 £
160,000,000 Ordinary Shares	<u>4,311,700</u>	<u>4,311,700</u>
	<u>4,311,700</u>	<u>4,311,700</u>

11. Share based payments

The following share-based payment amounts are included in the consolidated statement of comprehensive income (included in Administrative Expenses – see Note 4) and as a line item in the consolidated cash flow statement:

	Period Ended 31 October 2020 £	Period Ended 31 October 2019 £
Warrants	-	-
Total Share-Based Payments	-	-

On 17 May 2017 Grand Fortune High Grade Limited entered into warrant agreements with each of Alice Lau, Vincent Poon, Wai Man Hui and Cornhill Capital Limited conferring the right to subscribe for 4,800,000 Ordinary Shares each (a total of 19,200,000 Ordinary Shares) as remuneration for assistance with the admission on the London Stock Exchange. Each Warrant Agreement is in an identical form and confers the right to subscribe for Ordinary Shares at £0.10. The Warrants were conditional on admission on the London Stock Exchange (which was completed on 22 May 2017) and all expired unexercised on 22 May 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Share based payments (continued)

The following table summarizes the Group's outstanding warrants:

	Period Ended 31 October 2020	Share Based Payment Charge £	Period Ended 31 October 2019	Share Based Payment Charge £
Opening Position	19,200,000	646,637	19,200,000	646,637
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	19,200,000	(646,637)		
Closing Position	-	-	19,200,000	646,637

The aggregate fair value of the Warrants was estimated at £646,637 (fair value of individual warrant was £0.0337) using the Black-Scholes valuation model with the following assumptions: expected volatility of 50%, risk-free interest rate of 0.1799% and an expected life of 3 years. Calculation of volatility involves significant judgement by the Directors. Volatility number was estimated based on the range of 36-month end volatilities of the main market index.

12. Amounts owing to Directors

	As at 31 October 2020	As at 31 October 2019
	£	£
Directors Fees	<u>18,500</u>	<u>18,302</u>
	<u>18,500</u>	<u>18,302</u>

The above Directors fees payable relates to directors' remuneration between April 2016 and the respective periods listed above. As of 31 October 2020, the only amounts owing to Directors are the amounts for fees accrued from August 2020 to October 2020 as all other outstanding amounts were paid during the period ended 31 October 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Financial instruments

	As at 31 October 2020	As at 31 October 2019
	£	£
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	2,267,429	2,651,979
Total financial assets	2,267,429	2,651,979
Financial liabilities at amortised cost		
Amounts owing to Directors	18,500	18,302
Other payables	3,500	-
Total financial liabilities	22,000	18,302

14. Financial risk management

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

General objectives, policies and processes

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

Currency risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Financial risk management (continued)

The table below illustrates the hypothetical sensitivity of the Group's statement of comprehensive income to a 10% increase and decrease in the GBP/HKD, GBP/USD and GBP/RMB exchange rates at the year-end date, assuming all expenses incurred in currencies other than GBP were incurred at the year-end exchange rate date (with a 10% increase or decrease to such exchange rate) as opposed to the actual exchange rate on the date that the expense was incurred. The sensitivity rate of 10% represents the directors' assessment of a reasonably possible change, based on historic volatility. Positive figures represent an increase in income.

	<i>Period Ended 31 October 2020</i>	<i>Period Ended 31 October 2019</i>
	£	£
GBP Increases by 10%		
HKD	3,826	1,622
USD	360	531
RMB	501	8,032
GBP Decreases by 10%		
HKD	(3,540)	(1,058)
USD	(343)	(412)
RMB	(988)	(3,810)

Period end exchange rates applied in the above analysis are HKD 10.0336 (2019 – HKD 10.0963), USD 1.29421 (2019 – USD 1.28782) and RMB 8.65494 (2019 – RMB 9.08835).

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 Group had cash and cash equivalents of £2,267,429 as at 31 October 2020. 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 Group will encounter difficulty in meeting its financial obligations as they fall due.

The Directors' policy is to ensure that the Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Financial risk management (continued)

The Directors have prepared cash flow projections on a monthly basis through to 31 October 2020. At the end of the period under review, these projections indicated that the Group 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 Group'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. Historically, the Group had been financed by equity and Directors' loans. In the future, the capital structure of the Group is expected to consist of equity attributable to equity holders of the Group, comprising issued share capital and reserves.

16. Subsequent events

None

17. Related party transactions

Effective 1 December 2019, Grand Fortune High Grade Limited entered into an employment agreement with Derek Law. Derek Law is a related party by virtue of being the brother of Kit Ling Law (the Chairman and shareholder of Grand Fortune High Grade Limited). Under the terms of the employment agreement, Derek Law was employed on a continuous basis as an Executive Deputy Director of Grand Fortune High Grade Limited effective 1 December 2019 and entitled to a monthly salary of HKD 20,000 and a monthly housing allowance of HKD 5,000.

All other amounts owing to directors relate to directors' remuneration accrued between April 2016 and the period ended 31 October 2020, see note 9 and 12 for a summary.

18. Ultimate controlling party

As at 31 October 2020, the Group did not have any one identifiable controlling party.