

GRAND FORTUNE HIGH GRADE LIMITED

CONSOLIDATED REPORTS AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 OCTOBER 2018

GRAND FORTUNE HIGH GRADE LIMITED

CONSOLIDATED REPORTS AND FINANCIAL STATEMENTS

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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 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>	Cornhill Capital Limited 4 th Floor 18 St. Swithins 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 2018

I am pleased to present the accounts for the period from 1 May 2018 to 31 October 2018. During the period, the Group reported a loss of £251,936 (loss of £1,074,726 for the period from 1 May 2017 to 31 October 2018) which arose from professional fees and general administration expenses as well as a share-based payment charge for warrants issued. As at the date of signing this report the Group has approximately £3.1 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, on 27 October 2017, the Group announced that it had established a 100% owned subsidiary in Hong Kong – Grand Fortune High Grade (HK) Limited (and the consolidated financial statements presented herein comprise of the financial statements of Grand Fortune High Grade Limited and Grand Fortune High Grade (HK) Limited). The Group believes that the establishment of Grand Fortune High Grade (HK) Limited will assist the expansion of the Group's business in Hong Kong and throughout mainland China.

On 22 May 2018, the Group announced that, in exchange for a cash payment of CAD\$200,000, it had acquired the exclusive perpetual rights to utilise and market all of the educational materials owned by Global Academy of Investment and Wealth Management in Asia and Europe. The results of the acquisition have already proven beneficial, with the enrolment of close to 100 students to date.

Additionally, Grand Fortune High Grade Limited held its shareholder meeting on 28 November 2018. All items proposed were approved by 100% of the votes cast at the meeting. Following the meeting, the Board of Directors remained unchanged and is comprised of Kit Ling Law, Yan Wing Laurence Cheung, Angus Irvine, Wong Lee Chun and Anthony Wonnacott.

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
10 DECEMBER 2018

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2018

Directors' report

The directors present their report together with the consolidated financial statements for the period ended 31 October 2018.

Principal activity and future developments

Grand Fortune High Grade Limited (individually, or collectively with its subsidiary, Grand Fortune High Grade (HK) Limited, 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.

Principles of consolidation

The consolidated financial statements comprise of the financial statements of Grand Fortune High Grade Limited and its wholly owned Hong Kong subsidiary, Grand Fortune High Grade (HK) Limited.

Subsidiaries

Subsidiaries consist of entities through which Grand Fortune High Grade Limited is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to Grand Fortune High Grade Limited and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of Grand Fortune High Grade Limited and its subsidiary after eliminating inter-entity balances and transactions.

Business review and management report

The loss on ordinary activities for the period from 1 May 2018 to 31 October 2018 was of £251,936 (loss of £1,074,726 for the period from 1 May 2017 to 31 October 2017).

The Group had cash at bank and in hand of £3,118,011 at 31 October 2018. 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.

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2018

(CONTINUED)

Directors

The following directors served during the period to 31 October 2018:

KIT LING LAW	-	CHAIRMAN AND CHIEF FINANCIAL OFFICER
WONG LEE CHUN	-	CHIEF EXECUTIVE OFFICER
YAN WING LAURENCE CHEUNG	-	NON-EXECUTIVE DIRECTOR (CEASED AS CHIEF FINANCIAL OFFICER ON 27 OCTOBER 2017)
ANGUS SIGURD IRVINE	-	NON-EXECUTIVE DIRECTOR
ANTHONY WONNACOTT	-	NON-EXECUTIVE DIRECTOR

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	46,800,000	29.25%
Yan Wing Laurence Cheung	38,996,100	24.37%

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 28 November 2018.

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2018

(CONTINUED)

Share capital, Warrants and voting rights

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). Each Warrant Agreement is in an identical form and confers the right to subscriber for ordinary shares at £0.10. The warrants were conditional on admission to the London Stock Exchange (which was completed on 22 May 2017) and the warrants can be exercised at any time until 22 May 2020.

On 22 May 2017, Grand Fortune High Grade Limited 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 Grand Fortune High Grade Limited 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.

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 2018, the Group's cash position was £3,118,011.

After reviewing the Group's budget for the period ending 31 October 2019 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 2018

(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 2018, apart from a small amount of interest receivable and a small amount of revenue from certain course offerings, the Group currently had limited revenue – there are no guarantees that the Group will develop a training business that will generate significant revenue; 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.

Corporate governance

As a company with a Standard Listing, the Group is not required to comply with the provisions of the Corporate Governance Code. Although, the Group does not comply with the UK Corporate Governance Code, the Group intends to adopt 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 Corporate Governance Code insofar as is appropriate. A description of these procedures is set out below:

- As the Group is a start-up it will 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".

GRAND FORTUNE HIGH GRADE LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2018
(CONTINUED)

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.

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
10 DECEMBER 2018

GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2018
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	1 May 2018 to 31 October 2018 £	1 May 2017 to 31 October 2017 £
Revenue		9,688	-
Administrative expenses	4	<u>(261,784)</u>	<u>(1,074,919)</u>
Operating Loss		(252,096)	(1,074,919)
Finance income		<u>160</u>	<u>193</u>
Loss before tax		(251,936)	(1,074,726)
Taxation	5	<u>-</u>	<u>-</u>
Total comprehensive loss for the period attributable to the equity holders of the Group		<u><u>(251,936)</u></u>	<u><u>(1,074,726)</u></u>
Loss per Ordinary Share:			
Basic and diluted (pence)	6	(0.16)	(0.68)

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

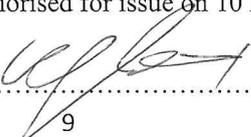
GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At as 31 October 2018 £	As at 31 October 2017 £
Assets			
<i>Current assets</i>			
<i>Other receivables</i>	7	9,688	-
<i>Cash and cash equivalents</i>		<u>3,118,011</u>	<u>3,607,685</u>
Total assets		<u>3,127,699</u>	<u>3,607,685</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>(1,856,219)</u>	<u>(736,807)</u>
Total equity attributable to equity holders of the Group		3,102,118	3,574,893
 <i>Current liabilities</i>			
Amounts owing to Directors	11	19,981	32,792
Other payables	8	<u>5,600</u>	<u>0</u>
Total liabilities		25,581	32,792
 Total equity and liabilities		<u>3,127,699</u>	<u>3,607,685</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 10 December 2018 and signed on its behalf by;


 Kit Ling Law - Chairman

GRAND FORTUNE HIGH GRADE LIMITED
FOR THE PERIOD ENDED 31 OCTOBER 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital £	Share Based Payment Reserve £	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	10	11,700	-	-	11,700
<i>Transactions with owners</i>		<i>11,700</i>	-	-	11,700
Balance as at 30 September 2016		11,700	-	-	(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 year after taxation		-	-	(1,295,565)	(1,295,565)
<i>Total comprehensive balances</i>		11,700	-	(1,604,283)	(1,592,583)
Ordinary Shares Issued	10	4,300,000	-	-	4,300,000
Share Based Payments	11	-	646,637	-	646,637
<i>Transactions with owners</i>		<i>4,300,000</i>	-	-	-
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 period after taxation		-	-	(251,936)	(251,936)
<i>Total comprehensive balances</i>		4,311,700	646,637	(1,856,219)	3,102,118
<i>Transactions with owners</i>		-	-	-	-
Balance as at 31 October 2018		4,311,700	646,637	(1,856,219)	3,102,118

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 2018

CONSOLIDATED CASH FLOW STATEMENT

	1 May 2018 to 31 October 2018 £	1 May 2017 to 31 October 2017 £
Cash flows from operating activities		
Loss for the period before taxation	(251,936)	(428,089)
Share based payment charge	-	(646,637)
Finance income	(159)	(193)
<i>Adjustments for non-cash items:</i>		
Share based payment charge	-	646,637
Foreign currency loss/(gain)	(8,401)	657
<i>Working capital adjustments:</i>		
Decrease in other receivables	(9,688)	7,055
(Decrease)/Increase in other payables	(14,733)	(303,227)
Foreign currency loss/gain (Bank Charges)	8,401	(657)
Net cash used in operating activities	<u>(276,516)</u>	<u>(724,454)</u>
Cash flows from investing activities		
Interest received	159	193
Net cash flow from investing activities	<u>159</u>	<u>193</u>
Cash flows from financing		
Receipt of Director's loan	-	-
Proceeds from the issue of Ordinary Shares	-	4,300,000
Net cash inflow from financing activities	<u>0</u>	<u>4,300,000</u>
Increase in cash	<u><u>(276,357)</u></u>	<u><u>3,575,738</u></u>
Cash and cash equivalents, beginning of the period	<u>3,394,368</u>	<u>31,947</u>
Cash and cash equivalents, end of the period	<u><u>3,118,011</u></u>	<u><u>3,607,685</u></u>

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.

Comparative figures

The financial information presents the comparative figures for the period from 1 May 2018 to 31 October 2018 and the financial information for the period from 1 May 2017 to 31 October 2017. These comparatives are comparable as they represent the same period lengths.

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, specifically being the adoption of IFRS 9, IFRS 15 and IFRS 16, 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 2018, the Group's cash position was £3,118,011.

After reviewing the Group's budget for the period ending 31 October 2018 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.

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

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 Group has classified cash and cash equivalents as “loans and receivables”.

As at the consolidated balance sheet date, the Group 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Accounting Policies (continued)

Financial liabilities

All financial liabilities are measured at amortised cost.

Other financial liabilities

The Director's loan is initially measured at amortised cost, net of transaction costs, and is 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 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.

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 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 Group's nature of operations is to develop and run financial training courses in China. The only significant accounting judgement is that costs incurred to date in relation to the admission have been recognized in the income statement as prescribed by IAS 32, as they were related admission, listing and public relations fees.

4. Administrative expenses

	1 May 2018 to 31 October 2018	1 May 2017 to 31 October 2017
	£	£
Directors remuneration	80,994	103,072
Legal and professional fees	187,168	321,916
Bank charges	2,023	2,637
Foreign currency (gain) / loss	(8,401)	657
Share based payments charge	-	646,637
	<u>261,784</u>	<u>1,074,919</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 Grand Fortune High Grade Limited (HK) Limited is incorporated in Hong Kong it is subject to Hong Kong taxation legislation. Any future revenue earned by Grand Fortune High Grade Limited (HK) Limited would be subject to such tax. 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 has only earned a small amount of revenue as at 31 October 2018, is uncertain on the timing of such future revenue and the availability of any reductions in tax, it has not accrued any tax or potential reductions in tax.

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 2018 to 31 October 2018	1 May 2017 to 31 October 2017
Loss attributable to equity holders (£)	(251,936)	(1,074,726)
Weighted average number of Ordinary Shares	160,000,000	157,519,231
Earnings per share (pence)	<u>(0.27)</u>	<u>(0.68)</u>

Potential dilutive warrants were issued on 22 May 2017 (see Note 11), but have not been included because the Group was loss making (and thus will be antidilutive for the period ended 31 October 2018).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other receivables

	As at 31 October 2018 £	As at 31 October 2017 £
Accounts Receivable	9,688	-
Prepayments	<u>0</u>	<u>0</u>
	<u>9,688</u>	<u>0</u>

8. Other payables

	As at 31 October 2018 £	As at 30 April 2018 £
Accounts Payable	5,600	-
Accruals	<u>-</u>	<u>0</u>
	<u>5,600</u>	<u>0</u>

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 2018 £	As at 31 October 2017 £
Hong Lin Cao	-	4,678
Yan Wing Laurence Cheung	2,192	4,400
Wong Lee Chun	2,903	387
Angus Irvine	3,500	3,500
Sandy Jadeja	-	3,048
Kit Ling Law	4,500	3,000
Anthony Wonnacott	6,886	452
Yan Xu	-	4,306
Yong Yan	<u>-</u>	<u>5,000</u>
	<u>19,981</u>	<u>28,771</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Share capital

	As at 31 October 2018 £	As at 31 October 2017 £
117,000,000 Ordinary Shares of £0.001 each, fully paid	11,700	11,700
43,000,000 Ordinary Shares of £0.10 each, fully paid	<u>4,300,000</u>	<u>4,300,000</u>
	<u>4,311,700</u>	<u>4,311,700</u>

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

On 10 November 2015, Grand Fortune High Grade Limited allotted a further 9,999 Ordinary Shares at par for cash consideration of £1.

On 6 May 2016, Grand Fortune High Grade Limited allotted a further 116,990,000 Ordinary Shares at par for cash consideration of £11,699.

On 22 May 2017, Grand Fortune High Grade Limited allotted a further 43,000,000 Ordinary Shares at par for cash consideration of £4,300,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 2018	Period Ended 31 October 2017
	£	£
Warrants	-	646,637
Total Share-Based Payments	-	646,637

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 can be exercised at any time until 22 May 2020.

The following table summarizes the Group's outstanding warrants:

	Period Ended 31 October 2018	Share Based Payment Charge £	Period Ended 31 October 2017	Share Based Payment Charge £
Opening Position	19,200,000	646,637	-	-
Granted	-	-	19,200,000	646,637
Exercised	-	-	-	-
Closing Position	19,200,000	646,637	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Amounts owing to Directors

	As at 31 October 2018	As at 31 October 2017
	£	£
Kit Ling Law	-	4,021
Directors Fees	19,981	28,771
	<u>19,981</u>	<u>32,792</u>

During the period from incorporation 10 November 2015 to the period ended 30 April 2018, Kit Ling Law loaned Grand Fortune High Grade Limited a total of £100,402. During the year from 1 May 2017 to 30 April 2018 the Group repaid, in full, Kit Ling Law a total of £100,402.

The maximum amount owing to Kit Ling Law during the period ended 30 April 2018 was £121,402, however the entire amount was repaid and there is no amount outstanding as of 31 October 2018. Kit Ling Law is a related party by virtue of her being Chairman and shareholder of Grand Fortune High Grade Limited.

The above Directors fees payable relates to directors' remuneration between April 2016 and the respective periods listed above. As of 31 October 2018, the only amounts owing to Directors are the amounts for fees accrued from August 2018 to October 2018 as all other outstanding amounts were paid during the period ended 31 October 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Financial instruments

	As at 31 October 2018	As at 31 October 2017
	£	£
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	3,118,011	3,607,685
Total financial assets	<u>3,118,011</u>	<u>3,607,685</u>
Financial liabilities at amortised cost		
Amounts owing to Directors	19,981	32,792
Other payables	5,600	0
Total financial liabilities	<u>25,581</u>	<u>32,792</u>

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 £, 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 and GBP/USD exchange rates at the year-end date, assuming all other variables remain unchanged. 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</i> <i>31 October 2018</i>	<i>Period Ended</i> <i>31 October 2017</i>
	£	£
GBP Increases by 10%		
HKD	1,675	261
USD	988	2,064
GBP Decreases by 10%		
HKD	(3,857)	(340)
USD	(2,341)	(1,840)

Period end exchange rates applied in the above analysis are HKD 10.0051 (2017 – HKD 10.2748) and USD 1.27549 (2017 – USD 1.31726).

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 £3,118,011 as at 31 October 2018. 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.

The Directors have prepared cash flow projections on a monthly basis through to 31 October 2019. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Following the shareholder meeting on 28 November 2018, 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 Chun (re-elected) and Anthony Wonnacott (re-elected).

17. Related party transactions

All other amounts owing to directors relate to directors' remuneration accrued between April 2016 and the period ended 31 October 2018, see note 9 and 12 for a summary.

18. Ultimate controlling party

As at 31 October 2018, the Group did not have any one identifiable controlling party.