Annual Report

2018 Year

TRADEGO HELPS YOU TRADE GLOBALLY

TradeGo

TradeGo FinTech Limited
捷利交易寶金融科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8017

CONTENTS

CHARACTERISTICS OF GEM ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "**Directors**", each being a "**Director**") of TradeGo FinTech Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**we**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- Revenue for the year ended 31 March 2019 (the "**Reporting Period**") amounted to approximately HK$46,311,429 (for the year ended 31 March 2018: HK$43,209,034), representing an increase of approximately 7.2% as compared with that for the year ended 31 March 2018 (the "**Corresponding Period**").

- Loss for the Reporting Period amounted to HK$17,697,740 (for the year ended 31 March 2018: HK$1,069,348).

- Loss (after adjustment of listing expenses) for the Reporting Period amounted to HK$3,500,419 (for the year ended 31 March 2018: profit of HK$5,061,691).

- Research and development expenses amounted to HK$9,322,658 for the Reporting Period (for the year ended 31 March 2018: HK$4,882,728), representing an increase of HK$4,439,930 or 90.9% as compared with that of the Corresponding Period.

- Basic losses per Share amounted to HK cents 4.06 for the Reporting Period, as compared to the basic losses per Share of HK cents 0.29 for the Corresponding Period.

- The number of registered users of the Group's open securities trading platform software "TradeGo Pro" increased by approximately 16,000 or 16.7% to approximately 112,000 as at 31 March 2019 (approximately 96,000 as at 31 March 2018).

- The Board does not recommend the payment of any final dividend for the Reporting Period.

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Mr. LIU Yong *(Chairman of the Board and Chief Executive Officer)*
Mr. WAN Yong
Mr. LIAO Jicheng

Non-executive Director:

Mr. LIN Hung Yuan

Independent Non-executive Directors:

Ms. JIAO Jie
Mr. MAN Kong Yui
Dr. LOKE Yu (also known as LOKE Hoi Lam and Jimmy Hoi Lam LOKE)

AUDIT COMMITTEE

Dr. LOKE Yu *(Chairman)*
Ms. JIAO Jie
Mr. MAN Kong Yui

REMUNERATION COMMITTEE

Mr. MAN Kong Yui *(Chairman)*
Mr. LIU Yong
Ms. JIAO Jie

NOMINATION COMMITTEE

Mr. LIU Yong *(Chairman)*
Ms. JIAO Jie
Mr. MAN Kong Yui

COMPANY SECRETARY

Ms. CHEN Chun

AUTHORISED REPRESENTATIVES

Mr. LIU Yong
Ms. CHEN Chun

COMPLIANCE OFFICER

Mr. WAN Yong

AUDITOR

KPMG

STOCK CODE

8017

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House, 75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Yuehai Street Technology Park
Nanshan District, Shenzhen
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office No. 10, 16th Floor
Hong Kong Plaza
188 Connaught Road West
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House, 75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
(which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019)

COMPLIANCE ADVISER

Essence Corporate Finance (Hong Kong) Limited
39/F., One Exchange Square
Central, Hong Kong

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAWS

Loong & Yeung

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

COMPANY'S WEBSITE

www.tradego8.com

CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the Board of TradeGo FinTech Limited, I am pleased to present to you the annual report of the Company and its subsidiaries for the Reporting Period.

The financial results of the Group for the Reporting Period is encouraging even though there was a difficult time in financial market. During the Reporting Period, the global financial market was impacted by many uncertainties such as the Sino-U.S. trade war, which led to the high volatility of the Hong Kong stock market. There were 20 new exchange participants registered in Hong Kong securities market as of 31 March 2019. On 31 March 2019, there were 646 exchange participants in Hong Kong securities market in total (Note 1). Most of our clients are exchange participants, so this increase creates a good market environment for us to expand our business. The set-up of Guangdong-Hong Kong-Macao Greater Bay Area brings the Group unprecedented development opportunities. During the Reporting Period, the Group continued to increase investment in research and development to vigorously expand its front office trading system services and entered into new service contracts with 14 Hong Kong brokerage firms. With the in-depth development of financial technology in the securities service business, 12 Hong Kong brokerage firms selected the Group as their suppliers of online account opening appointment services or cloud infrastructure services.

During the Reporting Period, the Group developed a global futures trading platform (the "**Futures Platform**") for an institutional customer, which was kicked off in October 2018 and officially launched in January 2019. The Futures Platform, which is a front-end and back-office integrated trading system, enables investors to conduct global futures transactions in a faster and safer manner through mobile and personal computer. The Futures Platform will contribute more to the Group's revenue as a new product line in the future.

During the Reporting Period, the Group has been engaged by an institutional customer to develop a custom-made solution on the management of employee equity interest incentives which was completed and officially launched in November 2018. We received positive market responses and believe that there will be business prospects from other Hong Kong brokerage firms and listed companies.

The number of registered users of the Group's open securities trading platform software, TradeGo Pro, was approximately 112,000 as at 31 March 2019 (approximately 96,000 as at 31 March 2018), increased by about 16,000 or 16.7%. As an open securities trading platform for individual investors, we are proud that TradeGo Pro has attracted more and more registered users. In the future we will invest more resources in TradeGo Pro and promote it online and offline, so that more and more investors like to use TradeGo Pro.

Hong Kong Exchanges and Clearing Limited ("**HKEX**") announced its Strategic Plan 2019-2021 in February 2019, which set out its vision and strategic objectives for the next three years (Note 2). HKEX Group's vision is to be the Global Markets Leader in the Asian Time Zone – Connecting China, Connecting the World. The Group has been committed to providing better services and more popular products to institutional participants and individual participants in the Hong Kong financial securities market. I believe that with our years of accumulated development experience and customer base, the Group will continue to maintain its position as a market leader in providing integrated front office trading system services and market data services to Hong Kong brokerage firms.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers and business partners for their continuous support, and to our management and staff members for their diligence and contribution to the growth of the Group.

Mr. LIU Yong
Chairman, Chief Executive Officer and Executive Director
Hong Kong, 18 June 2019

Note 1: https://www.hkex.com.hk/-/media/HKEX-Market/Market-Data/Statistics/Consolidated-Reports/HKEX-Securities-and-Derivatives-Markets-Quarterly-Report/1st-Quarter-2019/Full_e.pdf?la=en

Note 2: https://www.hkexgroup.com/Strategic_Plan_2019/index.htm

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the integrated securities trading platform services which consist of (1) front office trading system services; (2) market data services; and (3) value-added services, were the major sources of income of the Group. The revenue of the Group increased by HK$3,102,395 or 7.2% to HK$46,311,429 (for the Corresponding Period: HK$43,209,034). During the Reporting Period, the Group signed the new front office trading system services contracts with 14 Hong Kong brokerage firms. The number of registered users of the Group's open securities trading platform software, TradeGo Pro, increased by approximately 16,000 or 16.7% to approximately 112,000 (number of registered users as at 31 March 2018: approximately 96,000).

During the Reporting Period, the Group has continuously enhanced its integrated securities trading platform services to keep pace with the regulatory and new industry requirements. For example, to mitigate hacker attack risks associated with internet trading, the Securities and Futures Commission of Hong Kong requires financial institutions to implement a two-factor authentication for login to their clients' internet trading accounts and notify their clients promptly after certain activities have taken place in their internet trading accounts. In this connection, the Group has launched a service that sends a one-time password via short message service (SMS) to its clients and provided software code solutions, as well as upgraded its system in the aspect of message notification to the end users. The implementation of such two-factor authentication by the Group has enhanced the confidence of its clients in dealing with cybersecurity threats.

During the Reporting Period, the Group started to develop China-Hong Kong Data Stock Connect Data Analyst and Trading Counter Product. The China-Hong Kong Data Stock Connect Data Analyst is an analytical tool tracing and covering comprehensive dimension of capital investment of stocks listed on Shanghai Stock Exchange and Shenzhen Stock Exchange under the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect regime. Trading Counter Product will be an integrated front office and back office trading system which expedite the processing of trading orders from investors. The Group is considering further improvements to iBroker products to meet the needs of investors and brokers for online communication.

OUTLOOK AND PROSPECTS

The Group's objectives are to enhance and promote its integrated securities trading platform services and further expand its customer base by improving its existing service offerings and developing new service offerings, obtaining more market data vendor licences, spending more sales and marketing efforts and establishing a marketing centre in Hong Kong, with an aim to consolidate and further promote the Group's market position.

Besides, with the listing of shares of the Company (the "**Shares**") on GEM (the "**Listing**"), the Group's profile has been enhanced further and the financial position has been strengthened as well, which enabled the Group to implement its business plans and achieve its business objectives set forth in the prospectus of the Company dated 17 September 2018 (the "**Prospectus**").

Given the market shows its keen interest in innovative trading solutions, the Group will thus strive to further strengthen its business in the provision of integrated securities trading platform services. The Group will continue to run its core business. By being financially prepared to enhance TradeGo system, the Group hopes to attract more customers with an enhanced system to seize opportunities for business expansion and create higher returns.

Comparison of Future Plans as Stated in the Prospectus with Actual Business Progress

The proceeds raised from the Listing are targeted to further strengthen the Group's market position and expand the Group's market shares by pursuing the Group's business strategies. As stated in the Prospectus, the Group will endeavor to complete the main tasks and achieve the milestone events as mentioned in the Prospectus. An analysis comparing the future plans as set out in the Prospectus with the Group's actual business progress for the period from the date of Listing which was 28 September 2018 (the "**Listing Date**") up to 31 March 2019 is set out below:

Future plans as stated in the Prospectus	Implementation plans as stated in the Prospectus	Actual business progress up to 31 March 2019
Develop innovative product offerings and enhance research and development capabilities	• New products ➢ launch the WeChat mini programme version of the TradeGo Pro; ➢ develop China-Hong Kong Stock Connect Data Analyst and Trading Counter Product.	For new products, we began to develop China-Hong Kong Stock Connect Data Analyst and Trading Counter Product. A part of trading counter product, which we developed during the Reporting Period, was applied in the Futures Platform. We have finished the development of the WeChat mini programme version of the TradeGo Pro, but we could not launch it because the potential customer required us to possess a securities firm licence to launch the mini programme. We will develop a Web version for end users to browse in WeChat by mobile phone.
	• Existing products ➢ complete the development of the English version of TradeGo Pro; ➢ complete the integration of over 40 brokerage firms onto the iOS/Android version of TradeGo Pro; ➢ complete the upgrade of TradeGo to version 7.0 for all brokerage firms; ➢ optimise the iteration and transaction access of newly developed Mac OS versions of TradeGo Pro; ➢ improve and optimise the online account opening appointment service to cater to the changing needs of market and to comply with regulatory requirements; ➢ propel the deployment and iteration of new version of web browser securities trading platform software among the existing users of brokerage firms; ➢ recruit research and development (the "**R&D**") staff to enhance our R&D capabilities.	For existing products, we have launched the English version of TradeGo Pro Web; integrated 44 brokerage firms onto TradeGo Pro; upgraded TradeGo to version 7.0 for our institutional customers; optimised the iteration and transaction access of newly developed Mac OS versions of TradeGo Pro; improved and optimised the online account opening appointment service to cater to the changing needs of market and to comply with regulatory requirements; propelled the deployment and iteration of new version of web browser securities trading platform software for 20 brokerage firms; and recruited R&D staff to enhance our R&D capabilities.

Future plans as stated in the Prospectus	Implementation plans as stated in the Prospectus	Actual business progress up to 31 March 2019
Apply for additional market data vendor licences and conduct further marketing activities	• assist our customers in promoting iBroker to the end users; • promote the Two-Factor Authentication function via advertisements and propaganda campaigns; • promote the CMS Plus trading system to more brokerage firms for resource interchange; • hold online and offline activities to promote TradeGo Pro; • stimulate the sales of market data feeds and increase the number of registered users of TradeGo Pro; • obtain relevant data licence for markets out of Hong Kong.	We have delivered the production service package of iBroker to our customer, but our customer has not launched iBroker to its end users yet. Further we will integrate iBroker into our TradeGo Pro as part of social platform. We have promoted the Two-Factor Authentication function via face to face presentations and advertising campaigns to more than 20 institutional customers. We have promoted the CMS Plus trading system to more than 20 brokerage firms. We have held online and offline activities to promote TradeGo Pro, such as online simulation trade competition every month and provided discount to new users. We have stimulated the sales of market data feeds by providing discount during the first week of January 2019. We have increased the number of registered users of TradeGo Pro to approximately 112,000. We have not obtained new data licence for market out of Hong Kong yet. We are still seeking for new data licence for market out of Hong Kong.
Expand our hardware infrastructure capacities and software portfolio	• purchase computers and test mobile phones to enhance R&D ability and improve quality control; • purchase and upgrade software for R&D and office use; • enhance the conversion efficiency and transition stability from physical servers to virtual servers. • optimise the deployment of the cross-border DDN leased lines in Hong Kong and Shenzhen; • optimise the deployment and management of cloud infrastructure to improve the efficiency and stability.	We have purchased computers to enhance R&D ability and improve quality control. We have purchased test mobile phones such as Huawei Honor 10, OPPO A7, and iPhone X to improve the compatibility of our softwares with different devices. We have purchased and upgraded softwares for R&D and office use. We have enhanced the conversion efficiency and transition stability from physical servers to virtual servers. We have optimised the deployment of the cross-border digital data network (the "**DDN**") leased lines in Hong Kong and Shenzhen. We have optimised the deployment and management of cloud infrastructure to improve the efficiency and stability.

Future plans as stated in the Prospectus	Implementation plans as stated in the Prospectus	Actual business progress up to 31 March 2019
Recruit non-R&D staff and conduct staff trainings	• provide professional and business skills trainings for all staff as well as exclusive trainings for product managers and backbone staff on yearly basis; • recruit staff for operation, and sales and finance purpose; • salary for newly recruited staff.	We have conducted internal training from time to time. The training included but is not limited to securities investment knowledge, knowledge sharing in product design, knowledge sharing in different technical languages, and competitive products analysis. We have recruited new staffs for operation, sales and finance function.
Establish a marketing centre in Hong Kong	• lease an office in Central district of Hong Kong for the establishment of a Hong Kong sales and customer service centre. • recruit staff for managing and operating the Hong Kong sales and customer service centre; • salary for newly recruited staff.	We have slowed down to lease an office in Central district of Hong Kong for the establishment of a Hong Kong sales and customer service centre, because of the slowdown of economic growth and the uncertainty of trade friction between China and the United States. We will re-start the establishment of a marketing centre after reviewing the macro economic environment in the future. The Group is searching for opportunities to explore the market and increase its presence in the market. We have recruited one new sales staff in Hong Kong.

FINANCIAL REVIEW

Revenue and direct costs

Revenue of the Group for the Reporting Period was HK$46,311,429 (for the year ended 31 March 2018: HK$43,209,034), representing an increase of HK$3,102,395 or 7.2% as compared with that of the Corresponding Period. Such increase in revenue of the Group during the Reporting Period was primarily attributable to the increase in revenue from front office trading system services and value-added services. Direct costs of the Group for the Reporting Period were HK$11,284,212 (for the year ended 31 March 2018: HK$11,908,978), representing a decrease of HK$624,766 or 5.2% as compared with that of the Corresponding Period. Such decrease in direct costs of the Group during the Reporting Period was primarily attributed to the adjustment in licence fees paid to our vendors of market data.

Other gains, net

The Group's other income for the Reporting Period amounted to HK$435,391 (for the year ended 31 March 2018: HK$133,408) representing an increase of HK$301,983 or 226.4% as compared with that of the Corresponding Period. The increase was mainly due to the increase in interest income and government grants, partially offset by the exchange loss incurred. The interest income represented an increase of HK$345,205, such increase during the Reporting Period was mainly because cash in bank was increased after the Listing. The government grants represented an increase of HK$409,058 (for the year ended 31 March 2018: nil) from the Shenzhen government.

Staff costs

The Group's staff costs for the Reporting Period amounted to HK$24,446,997 (for the year ended 31 March 2018: HK$17,410,357) represented an increase of HK$7,036,640 or 40.4% as compared with that of the Corresponding Period. The increase was mainly due to the increase in directors' remuneration, the increase in salaries and other benefits for staff and the increase in bonus to staff for project development.

Listing expenses

The Group's listing expenses for the Reporting Period amounted to HK$14,197,321 (for the year ended 31 March 2018: HK$6,131,039) represented an increase of HK$8,066,282 or 131.6% as compared with that of the Corresponding Period. The listing expenses were directly attributable for the listing of the Shares on GEM and were non-recurring in nature.

Depreciation and amortisation

The Group's depreciation and amortisation for the Reporting Period amounted to HK$3,392,675 (for the year ended 31 March 2018: HK$2,598,459) represented an increase of HK$794,216 or 30.6% as compared with that of the Corresponding Period. The increase was mainly due to the increase in amortisation of developed R&D projects.

Selling, general and administrative expenses

The Group's selling, general and administrative expenses for the Reporting Period amounted to HK$10,216,151 (for the year ended 31 March 2018: HK$4,650,423) represented an increase of HK$5,565,728 or 119.7% as compared with that of the Corresponding Period. The increase was mainly due to the increase in legal and professional fee, audit fee and other administrative expenses.

Finance costs

The Group's finance costs for the Reporting Period amounted to HK$101,918 (for the year ended 31 March 2018: nil). The increase was due to the interest of a loan from a third party raised and repaid during the Reporting Period.

(Loss)/profit before taxation

The Group's loss before taxation for the Reporting Period amounted to HK$16,892,454 (for the year ended 31 March 2018: profit before taxation of HK$643,186). The Group incurred loss before taxation primarily as a result of the aforesaid increase in selling, general and administrative expenses, listing expenses and staff costs.

Income tax expense

The Group's income tax expense for the Reporting Period amounted to HK$805,286 (for the year ended 31 March 2018: HK$1,712,534) represented a decrease of HK$907,248 or 53.0% as compared with that of the Corresponding Period, which consists of current tax of HK$235,010 (for the year ended 31 March 2018: HK$1,271,259) and deferred tax of HK$570,276 (for the year ended 31 March 2018: HK$441,275). The decrease of income tax expense was mainly due to the decrease of profit of the subsidiary in Hong Kong.

Loss for the year

During the Reporting Period, the Group recorded a loss of HK$17,697,740 (for the year ended 31 March 2018: loss of HK$1,069,348). Such change in the Group's financial performance was primarily attributable to the aforesaid increase in selling, general and administrative expenses, listing expenses and staff costs.

Losses per Share

Loss per Share was HK cents 4.06 for the Reporting Period as compared to loss per Share of HK cents 0.29 for the Corresponding Period, representing an increase of loss of HK cents 3.77 or 1,300%.

Cash and cash equivalents

Cash and cash equivalents was HK$48,918,156 as at 31 March 2019 (as at 31 March 2018: HK$8,087,226), representing an increase of HK$40,830,930 or 504.9% as compared with that of the Corresponding Period. The main reason for the increase is the unutilised proceeds from the Listing kept in bank accounts.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2019, the Group held cash at bank and cash on hand of HK$48,657,816 (as at 31 March 2018: HK$7,960,404) and HK$260,340 (as at 31 March 2018: HK$126,822) respectively. Net current assets amounted to HK$38,730,100 (as at 31 March 2018: HK$4,423,273). Approximately 84% of the Group's cash and cash equivalents were denominated in Hong Kong dollars, and the remaining was denominated in RMB and United States dollar. As at 31 March 2019, the Group's gearing ratio (defined as total borrowing divided by total equity plus total borrowing) was not applicable, as the borrowing of the Group was nil (as at 31 March 2018: nil).

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on 28 September 2018. 125,000,000 Shares of the Company with a nominal value of HK$0.01 each, in aggregate HK$1,250,000, was issued at HK$0.64 per Share. There has been no change in the capital structure of the Company since then. The share capital of the Company only comprises ordinary Shares.

As at 31 March 2019, the Company's issued share capital was HK$5,000,000 and the number of its issued ordinary Shares was 500,000,000 of HK$0.01 each.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had 113 full-time employees (as at 31 March 2018: 106) located in Hong Kong and the PRC for operation. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The emolument policy for the employees of the Group is mainly based on industry practices and employee's merit, qualifications, competence and experience. On top of ordinary remuneration, discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as individual performance. The long term incentive scheme of the Group include pre-IPO equity interest incentive scheme, share option scheme and share award scheme.

For the year ended 31 March 2019, total employee benefits expense (including Directors' emoluments) was HK$24,446,997 (for the year ended 31 March 2018: HK$17,410,357).

The remuneration committee of the Company will review and determine the remuneration and compensation packages of the Directors' regarding their responsibilities, workload, time devoted to the Group and the performance of the Group.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any significant contingent liabilities (as at 31 March 2018: nil).

CAPITAL COMMITMENT

As at 31 March 2019, the Group did not have any significant capital commitment (as at 31 March 2018: nil).

CHARGES ON ASSETS

As at 31 March 2019, the Group did not have any material charges on assets (as at 31 March 2018: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

SIGNIFICANT INVESTMENT AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 March 2019, the Group did not have any significant investments. Save as disclosed in the implementation plan as disclosed in the Prospectus, the Group did not have any other concrete plans for significant or material investments or capital assets during the Reporting Period and in the coming future. Nonetheless, if any acquisition opportunity arises and is identified, the Group will conduct a feasibility study and consider whether it is beneficial to the Group and the shareholders of the Company (the "**Shareholders**") as a whole.

RISK MANAGEMENT

Exposure to fluctuations in exchange rates

The Group's income, direct cost and expenses are mainly denominated in HK$ and RMB. Fluctuations in the exchange rates of RMB could affect the operating costs of the Group. The Group currently does not have a foreign currency hedging policy. As such, no hedging or other arrangements were made by the Group during the year ended 31 March 2019. However, the Directors will continue to monitor foreign exchange risk and will take prudent measure to minimise the currency translation risk. The Group will consider hedging significant foreign currencies when the need arises.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Listing were approximately HK$41.5 million (after deducting the underwriting fees and the listing expenses) as compared to the estimated net proceeds of approximately HK$47.1 million stated in the announcement dated 27 September 2018. There were shortage of HK$5.6 million mainly due to additional listing expenses. The unused proceeds were placed with a bank in Hong Kong. The Company has utilized the proceeds in accordance with the plans set out in the Prospectus, and the utilization amount of net proceeds is set out as below:

	Approximate percentage of total amount	Net proceeds HK$ million	Utilized amount up to 31 March 2019 HK$ million	Unutilized amount up to 31 March 2019 HK$ million
Developing innovative product offerings and enhance R&D capabilities	14.7%	6.1	2.4	3.7
Apply for additional market data vendor licences and conduct further marketing activities	12.9%	5.4	0.8	4.6
Expand the hardware infrastructure capacities and software portfolio	5.7%	2.3	0.1	2.2
Recruit non-R&D staff and conduct staff trainings	7.2%	3.0	0.7	2.3
Establish an R&D centre in the PRC	37.5%	15.6	–	15.6
Establish a marketing centre in Hong Kong	17.7%	7.3	–	7.3
General working capital	4.3%	1.8	1.8	–
	100%	41.5	5.8	35.7

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. LIU Yong (劉勇), aged 47, is the chairman of the board of directors of the Company, chief executive officer, an executive Director and a controlling Shareholder. He is also the chairman of the nomination committee of the Company (the "**Nomination Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Liu was appointed as a Director on 15 June 2017 and re-designated as an executive Director on 23 June 2017. He is responsible for the Group's overall management, strategic development, financial management and major decision-making of the Group. He is also a director of each of Power Mind Global Limited (力思環球有限公司), Tele-Trend Konson (Hong Kong) Limited (捷利港信(香港)有限公司) ("**Tele-Trend Konson**"), Tele-Trend Konson Software (Shenzhen) Limited (捷利港信軟件(深圳)有限公司) ("**Tele-Trend Konson SZ**"), Shenzhen Rongyi Technology Company Limited (深圳市融易科技有限公司), Shenzhen Qianhai Xinfeng Financial Services Company Limited (深圳市前海新蜂金融服務有限公司).

Mr. Liu founded the Group in April 2010. He has over 10 years of experience in finance and information technology industry. Prior to joining the Group, Mr. Liu worked at AASTOCKS (Shanghai) Information Technology Limited (阿斯達克(上海)信息技術有限公司) as a sales director in the PRC from September 2005 to January 2008.

Mr. Liu graduated from Guizhou University of Commerce (貴州商學院) formerly known as Guizhou Business School* (貴州商業專科學校) in July 1993, specialising in business management and operation. In September 2002, he obtained the Master of Economics (major in international trade) from Dongbei University of Finance and Economics (東北財經大學).

Mr. WAN Yong (萬勇), aged 46, is an executive Director of the Company. He is also the compliance officer of the Company. He was appointed as an executive Director on 23 June 2017. Mr. Wan is responsible for the Group's overall management, strategic development and major decision-making of the Group.

Mr. Wan has over 10 years of experience in the finance industry. He has been a director of Tele-Trend Konson since 27 July 2015. Prior to joining the Group, Mr. Wan worked at ChinaLin Securities Company Limited (華林證券股份有限公司) from July 2007 to August 2009 as the general manager of the business department in Shenzhen. From August 2009 to July 2014, Mr. Wan joined Sealand Securities Company Limited (國海證券股份有限公司) and served as various positions including the assistant to the president and the deputy general manager of its asset management subsidiary. From July 2014 to October 2015, he worked as the chairman of Shenzhen Huizhong Yingchuang Financial Services Company Limited (深圳匯眾盈創金融服務有限公司).

Mr. Wan graduated from Southwest University of Finance and Economics (西南財經大學) in July 1993, specialising in finance. In July 2009, Mr. Wan completed the Master of business administration held by Sichuan Institute of Business Administration (四川省工商管理學院).

Mr. LIAO Jicheng (廖濟成), aged 34, was appointed as an executive Director of the Company on 23 June 2017. Mr. Liao is responsible for the Group's overall management and marketing management.

Mr. Liao joined the Group in March 2012 as senior sales manager and has been a director of Tele-Trend Konson since 27 July 2015. Prior to joining the Group, Mr. Liao worked at a PRC subsidiary of China Oriental Express Company Limited (中國東方快遞有限公司) from February 2007 to July 2010 as the assistant to general manager. From October 2010 to October 2011, he worked at a PRC subsidiary of All Leaders Publication Group Limited (領袖傳播集團) as a business director.

Mr. Liao graduated from Guangdong Peizheng College (廣東培正學院) in June 2006, specialising in logistics management, marketing and business administration.

NON-EXECUTIVE DIRECTOR

Mr. LIN Hung Yuan (林宏遠) (formerly known as 林泓遠), aged 42, was appointed as a non-executive Director of the Company on 23 June 2017. Mr. Lin is mainly responsible for overseeing the general corporate, financial and compliance affairs of the Group.

Mr. Lin is the founder of VMI Capital Group Limited (previously known as VMI Capital Partners Limited) and also serves as the director of VMI Securities Limited. Mr. Lin is currently a non-executive director of Stream Ideas Group Limited (stock code: 8401), a company listed on the GEM.

Mr. Lin obtained a Bachelor Degree of Arts in June 1999 from National Chengchi University. He further obtained the Master Degree of Science in Management in June 2001 from National Sun Yat-sen University. In addition, Mr. Lin is a financial risk manager accredited by Global Association of Risk Professionals since September 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. JIAO Jie (焦捷), aged 38, was appointed as an independent non-executive Director of the Company on 29 August 2018, and is mainly responsible for overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of the Company. She is also a member of each of the Audit Committee of the Company (the "**Audit Committee**"), the Remuneration Committee and Nomination Committee.

Ms. Jiao has over 10 years of experience in initial public offerings, private equity financing and corporate legal affairs. Ms. Jiao worked as a legal assistant at Beijing Jingtian & Gongcheng (北京市競天公誠律師事務所) from November 2004 to February 2007. Thereafter, she joined China Sunshine Paper Holdings Company Limited (stock code: 2002) ("**China Sunshine**"), the shares of which are listed on the Main Board of the Stock Exchange, as the board secretary and special assistant to the chairman of China Sunshine from March 2007 to January 2010. From January 2010 to February 2012, Ms. Jiao worked as chief counsel and head of investor relations in Beijing SouFun Network Technology Company Limited (北京搜房網絡技術有限公司). She then joined Huijin Stone (Xiamen) Co. Ltd. (滙金石(廈門)有限公司), a subsidiary of ArtGo Holdings Limited (formerly known as ArtGo Mining Holdings Limited) (stock code: 3313), the shares of which are listed on the Main Board of the Stock Exchange, as vice president and general counsel from March 2012 to June 2014. She was appointed to the position of joint company secretary of ArtGo Holdings Limited in December 2013 and resigned in May 2014. From June 2014 to December 2018, Ms. Jiao was the chief financial officer of iClick Interactive Asia Limited: (NASDAQ: ICLK). Since June 2019, Ms. Jiao has served as the chief financial officer of Play for Dream, Inc.,. Since January 2019, she was an independent non-executive director of China Sunshine and since June 2019, she was an independent director of China Index Holdings Limited (NASDAQ: CIH).

Ms. Jiao obtained the degree of Laws and Economics from Peking University in July 2003. She further obtained the degree of Magister Juris from University of Oxford in July 2005. In addition, she obtained the Legal Professional Qualification Certificate (法律職業資格證書) from the Ministry of Justice of the PRC in March 2010. She has also obtained the Registered Qualification Certificate of Enterprise Legal Adviser (企業法律顧問執業資格證書) accredited jointly by the Ministry of Human Resources and Social Security of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and the Ministry of Justice of the PRC in October 2011. Ms. Jiao has been a chartered financial analyst accredited by the CFA Institute since September 2014.

Mr. MAN Kong Yui (文剛銳), aged 59, was appointed as an independent non-executive Director of the Company on 29 August 2018, and is mainly responsible for overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of the Company. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

Mr. Man is currently a director of Global Mastermind Securities Limited, a wholly-owned subsidiary of Global Mastermind Holdings Limited (stock code: 8063), the shares of which are listed on GEM of the Stock Exchange. He obtained a Bachelor Degree in Business Administration from The Chinese University of Hong Kong. He has been an independent non-executive director of each of Get Nice Holdings Limited (stock code: 64) since 3 October 2005, Global Mastermind Capital Limited (stock code: 905) (formerly known as Mastermind Capital Limited) from 26 September 2014 to 18 April 2017 and Huanxi Media Group Limited (formerly known as 21 Holdings Limited) (stock code: 1003) on 10 April 2014 and resigned with effect from 18 September 2015, the shares of all of which are listed on the Main Board of the Stock Exchange.

Dr. LOKE Yu (also known as LOKE Hoi Lam and Jimmy Hoi Lam LOKE) (陸海林), aged 70, was appointed as an independent non-executive Director of the Company on 29 August 2018, and is mainly responsible for overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of the Company. He is also the chairman of the Audit Committee.

Dr. Loke has over 40 years of experience in accounting and audit for private and public companies, financial consultancy and corporate management.

He obtained a degree of Master of Business Administration from Universiti Teknologi Malaysia in April 2001, and a degree of Doctor of Business Administration from University of South Australia in March 2006. Dr. Loke has been the Fellow of The Institute of Chartered Accountants in England and Wales, The Hong Kong Institute of Certified Public Accountants, the associate of The Institute of Chartered Secretaries & Administrators and The Hong Kong Institute of Chartered Secretaries and a life member of The Hong Kong Independent Non-Executive Directors Association.

Dr. Loke is currently an independent non-executive director of Hong Kong Resources Holdings Company Limited (Stock Code: 2882), Chiho Environmental Group Limited (stock code: 976) (formerly known as Chiho-Tiande Group Limited), CIMC-TianDa Holdings Company Limited (stock code: 445) (formerly known as China Fire Safety Enterprise Group Holdings Limited), Forebase International Holdings Limited (stock code: 2310), Hang Sang (Siu Po) International Holding Company Limited (stock code: 3626), Lamtex Holdings Limited (stock code: 1041), Matrix Holdings Limited (stock code 1005), Tianhe Chemicals Group Limited (stock code: 1619), Tianjin Development Holdings Limited (stock code: 882), V1 Group Limited (stock code: 82), Zhong An Real Estate Limited (stock code: 672), Zhenro Properties Group Limited (stock code: 6158) and TC Orient Lighting Holdings Limited (stock code: 515), the shares of all of which are listed on the Main Board of the Stock Exchange. He was also formerly an independent non-executive director of Kaisa Health Group Holdings Limited (stock code: 876) (formerly known as Mega Medical Technology Limited), Winfair Investment Company Limited (stock code: 287) and Shenzhou Space Park Group Limited (stock code: 692) (formerly known as China Household Holdings Limited), China Beidahuang Industry Group Holdings Limited (stock code: 39) and SCUD Group Limited (stock code: 1399), the shares of all of which are listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Mr. ZHANG Wenhua (張文華), aged 40, is the technical director of the R&D department of the Group, and is responsible for the management of the R&D department of the Group. He joined the Group as the R&D manager in December 2010.

Mr. Zhang graduated from the Jiangxi Normal University (江西師範大學) in December 1997, specialising in computer application.

Prior to joining the Group, Mr. Zhang worked at Konson Software (Shenzhen) Company Limited (港信軟件(深圳)有限公司) engaging in R&D work from September 2001 to February 2009.

Mr. ZHUANG Wenxiao (莊文驍), aged 37, is the internet marketing director of the Group, and is responsible for the operation and sales of the final product of the Group. He joined the Group as the sales manager in July 2010.

Mr. Zhuang graduated from the Anhui University of Science and Technology (安徽理工大學) in May 2005, specialising in information and computing science.

Prior to joining the Group, he was the head of the product department and R&D department of AASTOCKS (Shanghai) Information Technology Limited (阿斯達克(上海)信息技術有限公司) from June 2006 to July 2009.

Mr. WU Jieqiang (吳捷強), aged 44, is the chief operating officer of the Group, and is responsible for overseeing operational management of the Group. He joined the Group in April 2017.

Mr. Wu graduated from Tsinghua University in July 1997 obtaining the Bachelor's degree in the specialty of International Finance. He further obtained the master degree of business administration from the ESSEC Business School in November 2004.

From August 2004 to October 2010, Mr. Wu was the general manager of finance at Zhongheng Huaxin International Trade (Beijing) Company Limited* (中恒華信國際貿易(北京)有限公司). From October 2010 to June 2016, he was the director and the general manager of finance at Wuhan Lianxin Micro-credit Loan Co Ltd* (武漢市聯信小額貸款有限責任公司).

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited consolidated financial statements for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company which is an investment holding company and its subsidiaries are principally engaged in providing integrated securities trading platform service to Hong Kong brokerage firms and their clients. There were no significant changes in the nature of the Group's principal businesses during the Reporting Period.

BUSINESS REVIEW

A detailed review on the Group's business performance and the material factors underlying its financial position, as well as the development and likely future prospects of the Group's business are provided throughout this annual report and in particular under the following separate sections:

(a) review of the Company's business and financial position, and development and future prospects of the Company's business are shown in the "Chairman Statement" and "Management Discussion and Analysis" of this annual report;

(b) the principal risks and uncertainties facing the Group are shown in the Notes to the consolidated financial statements, the "Management Discussion and Analysis" section and the section headed "Risks Relating to the Group's Business Include Primarily" below;

(c) the Group's environmental policies and performance will be shown in the "Environmental, Social and Governance Report" to be published by the Company in a later time;

(d) the Group's key relationships with employees, customers and suppliers will be shown in the "Environmental, Social and Governance Report" to be published by the Company in a later time and the section headed "Relationship with stakeholders" below;

(e) the Group's compliance with the relevant laws and regulations are shown in the section headed "Compliance with laws and regulations" below and the "Environmental, Social and Governance Report" to be published by the Company in a later time; and

(f) details of key performance indicators are shown in the "Highlights", "Management Discussion and Analysis" of this annual report and "An analysis using financial key performance indicators".

An analysis using financial key performance indicators

	For the year ended 31 March		
	2019	2018	% of change
Revenue (HK$)	**46,311,429**	43,209,034	7.2
Direct cost (HK$)	**11,284,212**	11,908,978	(5.2)
R&D cost (HK$)	**9,322,658**	4,882,728	90.9
Loss per share (HK cent)	**(4.06)**	(0.29)	1,300
Bank balances and cash (HK$)	**48,918,156**	8,087,226	504.9

Notes:

1. The Company was incorporated in the Cayman Islands on 15 June 2017 under the laws of Cayman Islands. The Group is principally engaged in providing integrated securities trading platform service to Hong Kong brokerage firms and their clients. Therefore, financial performance indicators such as revenue, direct cost, R&D cost, are significant indicators to reflect the Group's growth and R&D expenditure.

2. For trend analysis of revenue, direct cost and loss per share, please refer to the "Management Discussion and Analysis" section.

More detailed analysis of the Group's performance during the Reporting Period using financial performance indicators is provided in the section headed "Management Discussion and Analysis" on pages 6 to 12 of this report.

Environmental protection

The Group recognises its responsibility to protect the environment from its business activities. The Group has endeavored to comply with laws and regulations regarding environmental protection and encourage environmental protection and promote awareness towards environmental protections to the employees.

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has on-going review on the new enacted laws and regulations affecting the operations of the Group. During the period from the Listing Date to 31 March 2019, the Group is not aware of any material non-compliance with the laws and regulations that have significant impact on the business of the Group.

Relationship with stakeholders

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group. The Group maintains strong relationships with its employees and offers them with safe working environment. The Group has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

The Group understands that employees are valuable assets which have significant impact on the Company and the Company depends on the continued efforts of employees for its success. The Group ensures all employees are reasonably remunerated and regularly reviews the remuneration package of employees and other benefits. The Group also understands that it is important to maintain good relationship with its customers and suppliers to fulfil its short and long-term goals.

RISKS RELATING TO THE GROUP'S BUSINESS INCLUDE PRIMARILY:

(i) the Group may not be able to keep pace with the rapid changes in the integrated securities trading platform service market and the newly launched and upgrade of services may not be well received by the market;

(ii) the cybersecurity management systems of the Group may be vulnerable to unexpected hackings or malware attacks;

(iii) the technology infrastructure may experience unexpected system failure and interruption;

(iv) the past rapid growth of the Group may not be indicative of the future rapid growth, and the relatively short operating history in developing the securities trading platform services make it difficult to evaluate the prospects and future financial performance;

(v) the Group may not be able to maintain or grow the market data services of the Group; and

(vi) the Group may not be able to successfully monetise the traffic on the open securities trading platform software TradeGo Pro for securities trading platform services.

The Group has established risk management systems consisting of an organisational framework, policies, procedures and risk management methods that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. We have established an internal control system over various aspects of our operations and are constantly monitoring the effectiveness of our risk management system.

RISK MANAGEMENT MEASURES

1. Proactively monitor market trends, competitors and innovations and build up responsive project controls to allow strategic flexibility and dedicated strategy resources;

2. Build up a cybersecurity check team to examine the unexpected hackings or malware attacks;

3. Establish the IT network perimeter control team and enhance the technology system by real time data monitoring;

4. Proactive monitoring and preparation of global changes and local changes in regulations affecting the development of the Group and establish the management monitoring team to react to the changes and timely implement the reaction measures;

5. Enhance the market data support system and develop the tools that control the effectiveness of market support services; and

6. Develop efficient sales and investment policy and guidelines and build up the sales and promotion team for the purpose of promotion of trading platform software and timely implement the new functions of the trading platform software.

SOCIAL RESPONSIBILITIES AND SERVICES AND ENVIRONMENTAL POLICY

As one of the leading integrated securities trading platform services providers serving primarily Hong Kong brokerage firms and their clients, the Group does not involve in business that will generate air, water and land pollutions which are regulated by the applicable laws and regulations in the PRC. The Group complies with the relevant laws and regulations in environmental protection. The Group continuously seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to maximise energy conservation in its offices by promoting efficient use of resources and adopting green technologies.

The Group is committed to the long-term sustainability of its businesses and the communities with which it engages. The Group pursues this business approach by managing the business prudently and executing management decisions with due care and attention.

The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

The details of environmental, social and governance policies and performance of the Group will be disclosed in the "Environmental, Social and Governance Report" to be published by the Company.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 48 of this report.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (For the year ended 31 March 2018: Nil).

There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 March 2019 are set out in the consolidated statement of changes in equity and note 21 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the reserves of the Company available for distribution to shareholders under the Companies Law of Cayman Islands amounted to approximately HK$47,594,205 (For the year ended 31 March 2018: Nil).

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, (i) no contract of significance between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 March 2019; and (ii) no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 March 2019.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 March 2019 are set out in note 21 to the consolidated financial statements.

BANK BORROWING

During the Reporting Period, there is no bank borrowing for the Group.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there is no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on page 108 of this report. This summary does not form part of the audited consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Directors confirm that neither the Company nor any of its subsidiaries redeemed, purchased or sold any of the Company's securities since the Listing Date to 31 March 2019.

PRE-IPO EQUITY INTEREST INCENTIVE SCHEME

The Company adopted a pre-IPO equity interest incentive scheme ("**Pre-IPO Equity Interest Incentive Scheme**") on 16 July 2015 which was revised on 10 July 2017. The Pre-IPO Equity Interest Incentive Scheme was established by Xin Cheng International Limited (鑫誠國際有限公司) ("**Xin Cheng**") to recognise and reward the contribution of certain eligible participants who have or may have contributed to the growth and development of the business of the Group.

(i) Purpose

The Pre-IPO Equity Interest Incentive Scheme was established by Xin Cheng to recognise and reward the contribution of certain eligible participants who have or may have made to the growth and development of the business of the Group.

(ii) Scheme Participants

Pursuant to the Pre-IPO Equity Interest Incentive Scheme, certain employees and consultants of the Group who satisfy the eligibility requirement may be invited to participate in the Pre-IPO Equity Interest Incentive Scheme (the "**Scheme Participants**"). Prior to obtaining any shares of Xin Cheng under the Pre-IPO Equity Interest Incentive Scheme, the Scheme Participants are required to satisfy the following conditions:

(i) the Scheme Participants will have to pass the internal assessment as determined by the board of Xin Cheng from time to time;

(ii) the Scheme Participants will have to execute such documents (including but not limited to any undertaking to comply with lock-up requirement) and perform such actions as reasonably required by the board of Xin Cheng; and

(iii) the Scheme Participants will use all reasonable efforts to assist the Listing of the Group on the GEM operated by the Stock Exchange.

Upon passing the internal assessment, the trustee(s) under the Pre-IPO Equity Interest Incentive Scheme would transfer the shares of Xin Cheng previously registered in the name of the trustees to the relevant Scheme Participants at nominal or nil consideration.

If the Scheme Participants left the Group prior to the Listing, any shares of Xin Cheng registered in their names would have to be transferred back to the trustee(s) under the Pre-IPO Equity Interest Incentive Scheme, Xin Cheng or such other persons as directed by the board of Xin Cheng at nil consideration.

Any shares transferred to the Scheme Participants pursuant to the Pre-IPO Equity Interest Incentive Scheme would be vested on the Listing Date. When the Pre-IPO Equity Interest Incentive Scheme is terminated, any shares which have not been granted pursuant to the Pre-IPO Equity Interest Incentive Scheme would belong to the initial shareholders.

Further details of the Pre-IPO Equity Interest Incentive Scheme are set out in the Prospectus.

SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") was conditionally adopted by the Company on 29 August 2018. Since the adoption date of the Share Option Scheme till 31 March 2019, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (fulltime and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group and to promote the success of the business of the Group.

(ii) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(iii) Maximum number of Shares

As at the date of this report, the maximum number of Shares available for issue was 50,000,000 Shares representing 10% of the Shares in issue.

(iv) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

(v) Acceptance of options

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

(vi) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(vii) Subscription price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where the Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

(viii) Duration of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the adoption date being 29 August 2018 and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in the general meeting. For details of the Share Option Scheme, please refer to the Prospectus.

SHARE AWARD SCHEME

On 19 December 2018 (the "**Adoption Date**"), the Company adopted a share award scheme (the "**Share Award Scheme**"). The purpose of the Share Award Scheme is to provide incentives for the employees to continuously make substantial contributions to the Group's long-term growth in the future and to attract and retain talented employees who may be beneficial to the growth and development of the Group.

For details of the Share Award Scheme, please refer to the announcements of the Company dated 19 December 2018, 21 January 2019, 1 February 2019, 28 February 2019, 7 March 2019, 12 March 2019, 14 March 2019, 28 March 2019 and 9 April 2019, respectively.

The Company shall comply with the relevant GEM Listing Rules when granting the awarded shares. During the year ended 31 March 2019, the trustee of the Share Award Scheme had purchased a total of 21,816,000 shares of the Company from the secondary market at a total consideration of about $12,445,379. Since the Adoption Date and up to 31 March 2019, no shares purchased under the Share Award Scheme have been awarded to any employee of the Company under the Share Award Scheme.

DIRECTORS

The Directors during the year ended 31 March 2019 and up to the date of this report were:

Executive Directors:

Mr. LIU Yong
Mr.WAN Yong
Mr. LIAO Jicheng

Non-executive Director

Mr. LIN Hung Yuan

Independent Non-executive Directors

Ms. JIAO Jie (appointed on 29 August 2018)
Mr. MAN Kong Yui (appointed on 29 August 2018)
Dr. LOKE Yu (also known as LOKE Hoi Lam and Jimmy Hoi Lam LOKE) (appointed on 29 August 2018)

According to Article 108(a) of the articles of association of the Company (the "**Articles of Association**"), at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

According to Article 112 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders at the general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Accordingly, all Directors will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "**AGM**"), being the first AGM after the Listing.

Emoluments of the Directors and the five highest paid individuals

Details of the Directors' emoluments and the five highest paid individuals in the Group are set out in note 9 to the consolidated financial statements.

The emoluments of the Directors are subject to review by the remuneration committee of the Company. Their emoluments are determined with reference to their roles and responsibilities in the Group and the prevailing market conditions.

The Company has adopted share option scheme as an incentive to the Directors and eligible employees, details of the share option scheme are set out in the Share Options Scheme section above.

Confirmation of Independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

Biographies of Directors and Senior Management

The biographical details of the Directors and senior management are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 13 to 16 of this report.

Management Contracts

No contract, other than the service contracts, concerning management and administration of the whole or any substantial part of the Group's businesses was entered into or existed during the year ended 31 March 2019.

DIRECTORS' SERVICE AGREEMENTS

Each of the executive Directors has entered into a service agreement with the Company commencing from the date of the Listing to the date of the AGM to be held by the Company in 2019. The non-executive Director of the Company has entered into a service agreement with the Company commencing from the date of the Listing to the date of the AGM to be held by the Company in 2019. Each of the independent non-executive Directors has entered into a letter of appointment with the Company commencing from the date of the Listing to the date of the AGM to be held by the Company in 2019. And their employments are subject to the rotation requirements under the articles of association of the Company.

Other than as disclosed above, no Director proposed for re-election at the forthcoming AGM has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save as disclosed in this report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the year ended 31 March 2019.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme" of this report, no equity-linked agreement was entered into by the Company during the Reporting Period or subsisted as at 31 March 2019.

CHARITABLE DONATIONS

During the year ended 31 March 2019, the Group did not make any charitable or other donations.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the year ended 31 March 2019 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined in the GEM listing rules) had any interests in, or had been granted, or exercised any rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company and/or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) (Chapter 571 of the Laws of Hong Kong (the "**SFO**")).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its any associated corporation (within the meaning of Part XV of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or pursuant to the required standard of dealings set out in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position/short position in the Shares

Name of Directors	Nature of Interest	Number of Shares held/ interested in	Long position/ Short position	Approximate percentage of shareholding[1]
Mr. LIU Yong [2][3]	Interest of a controlled corporation	228,303,791	Long position	45.66%
Mr. LIAO Jicheng [3]	Interests held jointly with another person	74,039,137	Long position	14.81%
Mr. WAN Yong [3][4]	Interest of a controlled corporation	52,650,053	Long position	
	Interests held jointly with another person	74,039,137	Long position	
		Total: 126,689,190	Long position	25.34%
Mr. LIN Hung Yuan [5]	Interest of a controlled corporation	56,250,000	Long position	11.25%

Notes:

(1). As at 31 March 2019, the total number of issued Shares was 500,000,000 Shares.

(2). Mao Jia Holdings Limited (茂嘉控股有限公司) ("**Mao Jia**") holds a total of 154,264,654 Shares. Mao Jia is wholly owned by Fortune Promise Global Limited (富望環球有限公司) ("**Fortune Promise**"), which is in turn wholly-owned by Mr. LIU Yong. Therefore, Mr. LIU Yong is deemed, or taken to be, interested in all the Shares held by Mao Jia for the purposes of the SFO.

(3). Xin Cheng International Limited (鑫誠國際有限公司) ("**Xin Cheng**"), holds a total of 74,039,137 Shares. Xin Cheng is wholly-owned by Stand Tall International Limited (立高國際有限公司) ("**Stand Tall**"). Therefore, according to the SFO, Stand Tall is deemed or taken to be interested in the Shares held by Xin Cheng. The details of the Shares held by Stand Tall are set out in the section headed "Statutory and General Information – (E) Pre-IPO Equity Interest Incentive Scheme" in the Appendix IV to the Prospectus. According to Pre-IPO Equity Interest Incentive Scheme, all of the power to vote as shareholder of Xin Cheng (and/or Stand Tall) was delegated to the board of Xin Cheng (as at 31 March 2019, Mr. LIU Yong is the sole director of Xin Cheng), and Mr. LIU Yong, Mr. LIAO Jicheng and Mr. WAN Yong are all shareholders of Stand Tall. Therefore, Mr. LIU Yong, Mr. LIAO Jicheng and Mr. WAN Yong are deemed to be or are taken to be interested in all the Shares held by Xin Cheng.

(4). The total number of Shares held by Joint Smart Global Limited (合智環球有限公司) ("**Joint Smart**") was 52,650,053 Shares. Joint Smart is wholly-owned by Mass Victory Ventures Limited (眾勝創投有限公司) ("**Mass Victory**"), which is in turn owned as to 75% by Mr. WAN Yong. Therefore, Mr. WAN Yong is deemed, or taken to be, interested in all the Shares held by Joint Smart for the purposes of the SFO.

(5). VMI Mega Growth Fund SPC – VMI Mega Equity Investment Fund SP ("**VMI**") holds a total of 56,250,000 Shares. VMI is wholly-owned by VMI Capital Group Limited ("**VMI Capital**"), which in turn wholly-owned by Mr. LIN Hung Yuan. Therefore, Mr. LIN Hung Yuan is deemed, or taken to be, interested in all the Shares held by VMI for the purposes of the SFO.

Save as disclosed above and so far as is known to the Directors, as at 31 March 2019, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or pursuant to the required standard of dealings set out in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2019 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long position/short position in the Shares

Names of shareholders	Capacity/Nature of Interest	Number of Shares held/ interested in	Long position/ Short position	Approximate percentage of shareholding [1]
Mao Jia Holdings Limited (茂嘉控股有限公司)[2]	Beneficial owner	154,264,654	Long position	30.85%
Fortune Promise Global Limited (富望環球有限公司)[2]	Interest of a controlled corporation	154,264,654	Long position	30.85%
Xin Cheng International Limited (鑫誠國際有限公司)[3]	Beneficial owner	72,854,511	Long position	
	Trustee	1,184,626	Long position	
		Total: 74,039,137	Long position	14.81%
Stand Tall International Limited (立高國際有限公司)[3]	Interest of a controlled corporation	74,039,137	Long position	14.81%
VMI Mega Growth Fund SPC – VMI Mega Equity Investment Fund SP[4]	Beneficial owner	56,250,000	Long position	11.25%
VMI Capital Group Limited[4]	Investment manager	56,250,000	Long position	11.25%
Joint Smart Global Limited (合智環球有限公司)[5]	Beneficial owner	52,650,053	Long position	10.53%
Mass Victory Ventures Limited (眾勝創投有限公司)[5]	Interest of a controlled corporation	52,650,053	Long position	10.53%
Ms. LIU Xiaoming[6]	Interest of spouse	228,303,791	Long position	45.66%
Ms. ZHANG Tian[7]	Interest of spouse	56,250,000	Long position	11.25%
Ms. CHEN Zhaoxia[8]	Interest of spouse	126,689,190	Long position	25.34%
Ms. LU Ximeng[9]	Interest of spouse	74,039,137	Long position	14.81%

Notes:

(1). As at 31 March 2019, the total number of issued Shares was 500,000,000 Shares.

(2). Mao Jia is wholly-owned by Fortune Promise. Therefore, Fortune Promise is deemed, or taken to be, interested in all the Shares held by Mao Jia for the purposes of the SFO.

(3). Xin Cheng holds 72,854,511 and 1,184,626 Shares as beneficial owner and trustee respectively. The 1,184,626 Shares are held by Xin Cheng as trustee arising from or in relation to the employee share ownership scheme of Tele-Trend Konson (Hong Kong) Limited (捷利港信（香港）有限公司) which is an indirectly wholly-owned subsidiary of the Company. Xin Cheng is wholly-owned by Stand Tall. Therefore, Stand Tall is deemed, or taken to be, interested in all the Shares held by Xin Cheng for the purposes of the SFO. The detailed information in relation to the Shares held by Stand Tall is set out in the section headed "Statutory and General Information – (E) Pre-IPO Equity Interest Incentive Scheme" in Appendix IV to the Prospectus. According to Pre-IPO Equity Interest Incentive Scheme, all of the power to vote as shareholder of Xin Cheng (and/or Stand Tall) was delegated to the board of Xin Cheng.

(4). The management shares of VMI are all held by VMI Capital in its capacity as investment manager. Therefore, VMI Capital is deemed, or taken to be, interested in all the Shares held by VMI for the purposes of the SFO.

(5). Joint Smart is wholly-owned by Mass Victory. Therefore, Mass Victory is deemed, or taken to be, interested in all the Shares held by Joint Smart for the purposes of the SFO.

(6). Ms. LIU Xiaoming is the spouse of Mr. LIU Yong. Therefore, Ms. LIU Xiaoming is deemed, or taken to be, interested in all the Shares held by Mr. LIU Yong for the purpose of the SFO.

(7). Ms. ZHANG Tian is the spouse of Mr. LIN Hung Yuan. Therefore, Ms. ZHANG Tian is deemed, or taken to be, interested in all the Shares held by Mr. LIN Hung Yuan for the purpose of the SFO.

(8). Ms. CHEN Zhaoxia is the spouse of Mr. WAN Yong. Therefore, Ms. CHEN Zhaoxia is deemed, or taken to be, interested in all the Shares held by Mr. WAN Yong for the purpose of the SFO.

(9). Ms. LU Ximeng is the spouse of Mr. LIAO Jicheng. Therefore, Ms. LU Ximeng is deemed, or taken to be, interested in all the Shares held by Mr. LIAO Jicheng for the purpose of the SFO.

Save as disclosed above, as at 31 March 2019, the Directors were not aware of any interests or short positions owned by any other persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2019, the largest customer of the Group accounted for approximately 4.8% (For the year ended 31 March 2018: 5.6%) of the total revenue of the Group while the five largest customers of the Group in aggregate accounted for approximately 18.6% (For the year ended 31 March 2018: 20.7%) of the total revenue of the Group. The Group's largest supplier contributed approximately 58% (For the year ended 31 March 2018: 63.3%) of the total purchase for the Reporting Period while the Group's five largest suppliers accounted for approximately 80% (For the year ended 31 March 2018: 83%) of the total purchase for the Reporting Period.

At no time during the year ended 31 March 2019 have the Directors, any of their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of the issued Shares) had any beneficial in any of the major customers and suppliers during the year ended 31 March 2019.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Detail of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 8 and note 9 in the Notes to the consolidated financial statements in this report. There was no arrangement under which a Director has waived or agreed to waive any emoluments for the year ended 31 March 2019.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the management on the basis of their merit, qualifications and competence. The long term incentive schemes of the Group include pre-IPO equity interest incentive scheme, share option scheme and share award scheme. Under the emolument policy, the basis of determining the emolument payable to Directors is subject to the decision of the remuneration committee of the Board of the Company. As at 31 March 2019, the Group has 113 full-time employees (For the year ended 31 March 2018: 106) located in Hong Kong and the PRC for operation. Detail of the staff costs, including Directors' remuneration, incurred by the Group are set out in note 8 in the Notes to the consolidated financial statements in this report.

The remuneration committee of the Company will review and determine the remuneration and compensation packages of the Directors regarding their responsibilities, workload, time devoted to the Group and the performance of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares at any time from the date of the Listing to the date of this report.

PERMITTED INDEMNITY

In accordance with the articles of association of the Company, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of them.

The Company has also taken out and maintained Directors' and officers' liability insurance for the purpose of indemnifying for losses in respect of potential legal actions against the Directors and other officers of the Company.

Save for the aforementioned, the Company did not have any arrangement with a term providing for indemnity against liability incurred by the Directors during their tenure.

RETIREMENT BENEFIT COSTS

Other than the payments of the Mandatory Provident Fund Scheme in Hong Kong and payment of social insurance in PRC, the Group has not operated any other retirement benefit schemes for its employees. Particulars of the retirement benefit schemes are set out in note 6 to the consolidated financial statements.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 32 to 42 of this report.

COMPETING BUSINESS

During the period from the Listing Date to 31 March 2019, none of the Directors, controlling Shareholders or substantial Shareholders of the Company, nor any of their respective close associates (as defined under the GEM Listing Rules) had engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group, nor were they aware of any other conflicts of interest which any such person has or may have with the Group.

DEED OF NON-COMPETITION

The deed of non-competition (the "**Deed of Non-Competition**") dated 29 August 2018 was entered into by Mr. LIU Yong, Fortune Promise, Mao Jia, Stand Tall and Xin Cheng in favour of the Company (for the Company and as trustee for and on behalf of the subsidiaries of the Company) in regard to non-competition undertakings. The details of the Deed of Non-Competition have been disclosed in the Prospectus under the section headed "Relationship with Controlling Shareholders – Non-Competition Undertakings".

During the Reporting Period, the Company had not received any information in writing from any of the controlling shareholders of the Company, being Mr. LIU Yong, Fortune Promise, Mao Jia, Stand Tall and Xin Cheng (each a "**Controlling Shareholder**" and collectively the "**Controlling Shareholders**") in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each Controlling Shareholder in respect of him/it and his/its associates in compliance with the Deed of Non-Competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders had complied with the Deed of Non-competition during the year ended 31 March 2019.

INTEREST OF THE COMPLIANCE ADVISER

As advised by the Company's compliance adviser, Essence Corporate Finance (Hong Kong) Limited (the "**Compliance Adviser**"), as at 31 March 2019, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 29 September 2017, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company or in any member of the Group (including options or rights to subscribe for such securities (if any)) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CONNECTED TRANSACTIONS

The "related party transactions" as disclosed in note 24 to the consolidated financial statements for the year ended 31 March 2019 do not constitute a connected transaction or a continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2019 and up to the date of this report.

INDEPENDENT AUDITORS

The consolidated financial statements for the year ended 31 March 2019 have been audited by KPMG who will retire and, being eligible, offers themselves for re-appointment as auditors of the Company. A resolution for re-appointment of KPMG as auditors of the Company will be proposed at the forthcoming AGM of the Company.

There has been no change in the independent auditors of the Company since its incorporation.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2019 and was of the view that such statements have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

On behalf of the Board

LIU Yong
Chairman, Chief Executive Officer and Executive Director
Hong Kong, 18 June 2019

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices enhancing greater transparency and quality of disclosure as well as more effective internal control.

During the period from the Listing Date to 31 March 2019, the Company has complied with the code provisions (the "**Code Provisions**") of the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules, expect for the deviation from Code Provision A.2.1.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors by the Company, all the Directors had confirmed that they had been in compliance with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the period from the Listing Date to 31 March 2019.

The Company's code of conduct also applies to all employees who are likely to be in the possession of inside information of the Company. No incident of non-compliance of the Company's code of conduct by the employees was noted by the Company.

BOARD OF DIRECTORS

The Board currently comprises a total of seven Directors, with three executive Directors namely Mr. LIU Yong (as Chairman), Mr. WAN Yong and Mr. LIAO Jicheng, one non-executive Director namely Mr. LIN Hung Yuan and three independent non-executive Directors namely Ms. JIAO Jie, Mr. MAN Kong Yui and Dr. LOKE Yu. A list containing the names of the Directors and their roles and functions is published on the Company's website and the GEM website at www.hkgem.com. To the best knowledge of the Company, there is no financial, business, family or other material or relevant relationship between members of the Board. Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 13 to 16 of this report. Save as disclosed in aforesaid section, none of the Directors has any personal relationship (including financial, business, family, other material relevant relationship) with any other Directors or any chief executive.

The term of appointment of Directors are set out in "Directors' service agreements" on page 25 of this report. Since the Listing Date and up to date of this report, the Company complies with the requirements under Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules respectively relating to the appointment of at least three independent non-executive Directors and one of whom should have appropriate professional qualifications or accounting or related financial management expertise and the independent non-executive Directors represent at least one-third of the Board.

The Board is collectively responsible for formulating the strategic business development, reviewing and monitoring the business performance of the Group. Key and important decisions shall be fully discussed at the board meetings. All Directors have been fully consulted about any matters proposed for inclusion in the notice of board meeting. Matters requiring the Board's approval include review of overall policies, corporate plan of the Company, investment plans which would involve significant risks for the Company, major organisation changes, significant sales, transfers, or other dispositions of property or assets, approval of the annual report, interim report, quarterly report and approval of interim dividend and recommendation of the final dividend, other matters relating to the Company's business which in the judgment of the executive Directors are of such significance as to merit the Board's consideration. The day-to-day management, administration and operation of the Group are delegated to the executive Directors and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board for significant transactions.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules, and the Nomination Committee has assessed the independence of each of the independent non-executive Directors and the Company considers that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with terms of the guidelines.

BOARD MEETINGS

Under Code Provision A.1.1 of the CG Code, the board of directors of any issuer should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

During the period from the Listing Date to 31 March 2019, two Board meetings (at approximately quarterly intervals) were held for approving the unaudited consolidated results of the Group for the six months ended 30 September 2018 and the unaudited consolidated results of the Group for the nine months ended 31 December 2018 and the attendance of each Director at the Board meetings is set out below. The Board would meet at least four times a year in the future, at approximately quarterly intervals. On 18 June 2019, the Board meeting has approved, among other matters, the audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2019.

The attendance record of the Directors at the Board and committee meetings held during the period from the Listing Date to 31 March 2019 is set out below:

Name of Directors	Number of meetings attended/held			
	Board	Audit Committee	Nomination Committee	Remuneration Committee
Executive Directors				
Mr. LIU Yong	2/2	N/A	N/A	N/A
Mr. WAN Yong	2/2	N/A	N/A	N/A
Mr. LIAO Jicheng	2/2	N/A	N/A	N/A
Non-executive Director				
Mr. LIN Hung Yuan	2/2	N/A	N/A	N/A
Independent Non-executive Directors				
Ms. JIAO Jie	2/2	2/2	N/A	N/A
Mr. MAN Kong Yui	2/2	2/2	N/A	N/A
Dr. LOKE Yu	2/2	2/2	N/A	N/A

Code provision A.2.7 stipulates that the chairman should at least annually hold meetings with the independent non-executive without the presence of other.

From the Listing Date to 31 March 2019, the Board meetings of the Company were held with the presence of the executive Directors and the independent non-executive Directors. The independent non-executive Directors could freely provide their independent opinion to the Board.

On 18 June 2019, the Company has arranged a meeting for chairman of the Board and the independent non-executive Directors without the presence of other Directors. The chairman of the Board would hold at least one meeting a year with the independent non-executive Directors without the presence of other Directors in the future.

DIRECTORS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for the Directors' and officers' liabilities in respect of potential legal actions against the Directors and officers of the Company.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Development and training of Directors is an ongoing process so that they can perform their duties appropriately. Before the Listing, all the Directors participated in a training session arranged by a professional firm, and each Director was provided with relevant guidance materials with respect to the laws applicable to Directors, the roles and responsibilities of the Directors and the Directors' duty to disclose their interests. Updates on changes to the GEM Listing Rules are also provided by the company secretary of the Company where Directors are informed of the impact of such developments or changes to the Company.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense, and they have been requested to provide the Company with their training records.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. LIU Yong is the chairman and the chief executive officer of the Company and has been managing the Group's business and its overall financial and strategic planning since April 2010. The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. LIU Yong is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors which represents over one-third of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief executive office as required by Code Provision A.2.1 of the CG Code.

TIME COMMITMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Pursuant to the GEM Listing Rules and the recommendations under the CG Code in relation to the Directors' duties, it states in the CG Code that:

(a) under the principle of Code Provisions A.1, "the board should regularly review the contribution required from a director to perform his responsibilities to the issuer, and whether he is spending sufficient time performing them"; and

(b) under Code Provisions A.6.3, "every director should ensure that he can give sufficient time and attention to the issuer's affairs and should not accept the appointment if he cannot do so."

The Board is fully aware of the requirements under the GEM Listing Rules and the recommendations under the CG Code. The Board has considered Dr. Loke Yu's concurrent services as an independent non-executive director of 13 other listed companies and is satisfied with Dr. Loke Yu's time commitments to the affairs of the Company having regard to all relevant factors including the following:

(a) based on the relevant attendance information contained in the published annual reports for the immediate preceding financial year of the listed companies in Hong Kong that he has directorship as at the date of this report;

(b) Dr. Loke Yu is not preoccupied with any full-time work; and

(c) high attendance records of Dr. Loke Yu at meetings of the Board and the committees of the Board.

The Nomination Committee is satisfied that Dr. Loke Yu is able to devote sufficient time and attention to the affairs of the Company. The Board considers that Dr. Loke Yu can give sufficient time to the affairs of the Company.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach of which the Board could achieve a higher level of diversity. The Company recognises the benefits of having a diversified Board to enhance the quality of its performance. In summary, the Board Diversity Policy sets out that when considering the nomination and appointment of a director, with the assistance of the Nomination Committee, the Board would consider a number of factors, including but not limited to gender, age, cultural and educational background, professional experience and qualification, skills and length of service of the prospective candidate. The ultimate decision of the appointment will be based on merit and the contribution which the prospective candidate would bring to the Board. All Board appointments will be considered against objective criteria, having due regard to the benefits of diversity on the Board in order to best serve the shareholders and other stakeholders of the Company going forward.

As at the date of this report, the Board comprises seven members, amongst them, three are independent non-executive Directors. All the executive Directors possess extensive experience in financial management, strategic development and marketing management. The independent non-executive Directors possess extensive knowledge and experience in the independent management and providing independent judgment on the issues of strategy performance, resources and standard of conduct of the Company as well as accounting and auditing.

The Board and its nomination committee have set and will continue to consider setting measurable objectives to implement the Board Diversity Policy, and they review the Board Diversity Policy and measurable objectives from time to time to ensure their appropriateness and continued effectiveness. The measurable objectives for the Board Diversity Policy are that selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Furthermore, the Board has a wide range of age, ranging from 34 years old to 70 years old. The ages of two of the Directors are in the range of 30 to 40. The ages of three of the Directors are in the range of 40 to 50. The ages of other two Directors are above 50. Taking into account the existing needs of the Company, the combination of the Board would bring about the necessary balance of skills and experience appropriate for the requirements of the business development of the Company.

BOARD COMMITTEES

The Board has established three committees, namely the Nomination Committee, the Remuneration Committee and the Audit Committee with defined terms of reference.

Audit Committee

The Audit Committee was established on 29 August 2018 in compliance with Rule 5.28 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code and the Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. It currently comprises three independent non-executive Directors, namely Dr. Loke Yu, Ms. Jiao Jie and Mr. Man Kong Yui. Dr. Loke Yu currently serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditor and to provide advice and comments to the Board on matters related to corporate governance.

During the period from the Listing Date to 31 March 2019, two meetings of the Audit Committee were held to review the unaudited interim results of the Group for the six-month period ended 30 September 2018 and the unaudited consolidated results of the Group for the nine months ended 31 December 2018 with recommendations to the Board for approval. All members of the Audit Committee attended the two meetings.

Subsequent to the year ended 31 March 2019 and up to the date of this report, the Audit Committee has held two meetings to:

(1) meet with the external auditor, discuss the audit planning work (including the nature and scope of the audit and reporting obligations) in respect of the audit of the annual results of the Group for the year ended 31 March 2019;

(2) to review and approve the audit fees for the year ended 31 March 2019;

(3) to review with the external auditor the audited consolidated financial statements for the year ended 31 March 2019, with a recommendation to the Board for approval;

(4) to review the external auditor's independence, its report and the management letter for the year ended 31 March 2019, and recommend to the Board on the re-appointment of KPMG as the external auditor of the Company at the forthcoming AGM of the Company; and

(5) to review the effectiveness of the risk management and internal control systems of the Group.

Remuneration Committee

The Remuneration Committee was established on 29 August 2018 in compliance with Rule 5.34 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code and the Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. It currently comprises three independent non-executive Directors, namely Ms. JIAO Jie, Mr. MAN Kong Yui and Dr. LOKE Yu. Mr. MAN Kong Yui currently serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include (i) reviewing and making recommendations to the Board and determine on the remuneration packages of individual Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; (ii) making recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy; and (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the period from the Listing Date to 31 March 2019, no Remuneration Committee meeting was held as the shares of the Company was listed on GEM of the Stock Exchange on 28 September 2018 and there was no such matter that leads to the convening of the Remuneration Committee during the period from the Listing Date to 31 March 2019. On 18 June 2019, the Remuneration Committee held a meeting to review the remuneration packages of the Directors and senior management of the Company, the policy for the remuneration of executive Directors, assess performance of executive Directors and approve the terms of executive directors' service agreements.

The remuneration of the members of the senior management of the Group excluding the Directors by band for the year ended 31 March 2019 is set out below:

Remuneration band (HK$)	Number of individuals
Below 1,000,000	3

Details of the emoluments of the Directors for the year ended 31 March 2019 are set out in note 8 to the consolidated financial statements.

Nomination Committee

The Nomination Committee was established on 29 August 2018 with written terms of reference in compliance with the CG Code and the Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. It currently comprises one executive Director and two independent non-executive Directors, being Mr. LIU Yong, Ms. JIAO Jie and Mr. MAN Kong Yui. Mr. LIU Yong serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management.

During the period from the Listing Date to 31 March 2019, no Nomination Committee meeting was held as the shares of the Company was listed on GEM of the Stock Exchange on 28 September 2018 and there was no such matter that leads to the convening of the Nomination Committee during the period from the Listing Date to 31 March 2019. On 18 June 2019, the Nomination Committee held a meeting to review the structure, size and composition of the existing Board and assess the independence of the independent non-executive Directors. The Nomination Committee had recommended to the Board for consideration of the re-appointment of all the retiring Directors at the forthcoming AGM.

In assessing the structure, size, composition and diversity of the Board, the Nomination Committee takes into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience. The Nomination Committee agrees on measurable objectives for achieving diversity on the Board as set out in the Board Diversity Policy, where necessary, and recommends them to the Board for adoption.

Nomination policy

The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the shareholders of the Company for election as Directors at general meetings or appoint as Directors to fill casual vacancies. When the Nomination Committee considers it appropriate, it invites nominations of candidates from Board members or any person and makes recommendations for the Board’s consideration and approval.

In assessing the suitability of a proposed candidate, the Nomination Committee would consider factors including:

(a) Skills, Experience and Professional Expertise: The candidate should possess the skills, knowledge, experience and professional expertise which are relevant to the operations of the Company and its subsidiaries.

(b) Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the Board Diversity Policy of the Company.

(c) Commitment: The candidate should be able to devote sufficient time to attend the board meetings and participate in induction, training and other board associated activities. In particular, if the proposed candidate will be nominated as an independent non-executive director (the “**INED**”) and will be holding his/her seventh (or more) listed company directorship, the Nomination Committee should consider the reason given by the candidate for being able to devote sufficient time to the Board and committee meetings.

(d) Standing: The candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a director of the Company.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

CORPORATE GOVERNANCE FUNCTIONS

The Board as a whole is responsible for performing the corporate governance functions set out in code provision D.3.1 of the CG Code, namely:

(i) to develop and review the Company's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (including in relation to securities trading) applicable to employees and Directors; and

(v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the Company's annual reports.

During the Board meeting on 18 June 2019, the Board has reviewed the corporate governance measures of the Group and this corporate governance report.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group. In preparing the financial statements for the year ended 31 March 2019, the Directors have selected appropriate accounting policies, applied them consistently, made judgements and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The statement by the auditor of the Company, KPMG, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.

AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration for the year ended 31 March 2019 is presented as follows:

Services rendered	Fees paid/ payable HK$'000
Audit services	
2019 annual audit	1,240,000
2019 statutory audit for a subsidiary of the Company	16,952
Non-audit services – as reporting accountant for the Company's Listing	
Review of interim financial information	40,566

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has in place policies and procedures in relation to risk management and internal control. The Board is primarily responsible for overseeing the risk management and internal control systems and for reviewing their effectiveness. The Company's internal control system and procedures are designed to meet its specific business needs and to minimise its risk exposure. The Company has adopted different internal guidelines, along with written policies and procedures to monitor and lessen the impact of risks which are relevant to its business and control its daily business operations. Management will identify the risks associated with the Group's day-to-day operations for review by the Board. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group considering the size, nature and geography of the Group's business. The Directors are responsible for formulating and overseeing the implementation of the Group's risk management and internal control measures. The Group will engage an external consultant to conduct an internal control review on the internal control system of the Group as from 2019 on an annual basis. The review will cover certain business cycles and procedures undertaken by the Group and make recommendations for improving and strengthening the system.

In preparation for the Listing, the Company had engaged an independent internal control consultant (the "**IC Consultant**") to perform a review of the procedure system and control (including accounting and management systems) of the Group. Based on its internal control review, the IC Consultant recommended certain internal control improvement measures to the Group and the Group has adopted them prior to the Listing. The Directors were of the view that the risk management and internal control systems were adequate and effective to safeguard the interest of Shareholders and the Group's assets.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures are implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Board conducts regular review and assessment of inside information, discusses with the management or authorized persons of the Company about disclosure of inside information, reports to the Board once identified any inside information for dissemination. Inside information disclosure policies are formulated to provide employees with guidelines on report and disseminating inside information, confidentiality and compliance with restrictions on trading.

COMPANY SECRETARY

The company secretary of the Company is Ms. Chen Chun (陳淳), a company secretarial executive of SWCS Corporate Services Group (Hong Kong) Limited. Ms. Chen Chun is an associate of The Institute of Chartered Secretaries and Administrator and the associate of The Hong Kong Institute of Chartered Secretaries since March 2016. The main contact person at the Company is Mr. Wu Jieqiang, the chief operating officer of the Group.

During the year ended 31 March 2019, Ms. Chen Chun undertook no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. WAN Yong is the compliance officer of the Company. His biographical details are set out in Biographical Details of Directors and Senior Management on page 13 of this report.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Procedures to convene an extraordinary general meeting

Pursuant to Article 64 of the Articles of Association, shareholders may convene an extraordinary general meeting (the "**EGM**") in accordance with the "Procedures for Shareholders to convene an EGM" set out below.

The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for shareholders to put forward proposals at general meeting

Proposals shall be directed in writing with contact details (including name, address, telephone number and email address) to the Company's principal place of business in Hong Kong. The Board will carefully verify and examine the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with the necessary procedures.

Procedures by which enquiries may be put to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. For putting forward any enquiries to the Board, Shareholders may send written enquiries with contact details (including name, address, telephone number and email address) to the Company's principal place of business in Hong Kong. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Office No.10, 16th Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Communications with Shareholders and Investors

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the shareholders through the Company's quarterly, interim and annual financial reports, the publication and posting of notices, announcements, circulars, AGMs and other EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

Shareholders should direct their questions about their shareholdings to the Company's share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions, requests, comments and suggestions can be addressed to the Company by post to its head office and principal place of business in Hong Kong.

DIVIDEND POLICY

The Company seeks to maintain a balance between meeting the shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company's dividend policy aims to allow shareholders to participate in the Company's profit and for the Company to retain adequate reserves for future growth. In proposing any dividend payout, the Company would consider various, inter alia:

(1) the Group's actual and expected financial performance;

(2) the Group's expected working capital requirements and future expansion plans;

(3) the Group's debt to equity ratios and the debt level;

(4) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(5) general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company;

(6) dividends received from the Company's subsidiaries and associates;

(7) the Shareholders' and investors' expectation and industry's norm; and

(8) any other conditions or factors that the Board deems relevant.

Any final dividends declared by the Company must be approved by an ordinary resolution of shareholders at an AGM and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the directors to be justified by the profits of the Group.

INVESTORS RELATIONS

The Company's website offers communication channel between the Company and its shareholders and investors. Apart from disclosure of all necessary information to the shareholders in compliance with the GEM Listing Rules, news update of Company's business development and operation are available on the Company's website.

CONSTITUTIONAL DOCUMENTS

Since the Listing Date, there were no changes to the memorandum and articles of association of the Company. The memorandum and articles of association of the Company is available on the website of the Company and the Stock Exchange.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of TradeGo FinTech Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of TradeGo FinTech Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 48 to 107, which comprise the consolidated statement of financial position of the Group as at 31 March 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Capitalisation of development costs

Refer to Note 13 to the consolidated financial statements and the accounting policy Note 2(g).

The Key Audit Matter	How the matter was addressed in our audit
The Group capitalised certain costs incurred in the development of its software systems as intangible assets when they met the criteria for capitalisation as set out in the prevailing accounting standards. Significant management judgement is required to be exercised in determining whether technical and commercial feasibility has been achieved for the software systems, identifying the relevant costs to be capitalised and assessing the timing of capitalisation. Capitalised development costs of the Group are stated at cost less accumulated amortisation and impairment losses. At the end of each reporting period, internal and external sources of information are reviewed to identify indications that capitalised development cost may be impaired. As at 31 March 2019, the carrying amount of capitalised development costs was $7,572,654. We identified capitalisation and potential impairment of development costs as a key audit matter because of the significant level of management judgement involved in determining when the criteria for capitalisation of development costs are met, identifying the relevant costs eligible for capitalisation, assessing the appropriateness of timing of capitalisation and in considering whether there are any external or internal sources of information that indicate the software systems may have been impaired.	Our audit procedures to assess the capitalisation and potential impairment of development costs included the following: • obtaining an understanding of and assessing the design and implementation and operating effectiveness of key internal controls in relation to the identification, capturing and capitalisation of eligible development costs; • evaluating management's assessment of the technical and commercial feasibility of the relevant software systems by inquiring of the Group's internal specialists who prepared the assessment and by inspecting relevant documentation including feasibility reports that substantiate the commercial application, product testing reports, completion reports and the actual sales records in relation to the software systems completed during the year; • on a sample basis, examining the nature and appropriateness of costs capitalised and how they were attributed to the related software development projects during the year and with reference to the requirements of the prevailing accounting standards; • comparing a sample of items capitalised during the year with relevant underlying documentation, including timesheet data; and • evaluating management's identification of cash-generating units and its assessment of impairment indicators with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maggie L.T. Lee.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

18 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Hong Kong dollars)

	Note	2019 $	2018 *(Note)* $
Revenue	*4*	46,311,429	43,209,034
Direct costs		(11,284,212)	(11,908,978)
Other gains, net	*5*	435,391	133,408
Staff costs	*6(a)*	(24,446,997)	(17,410,357)
Listing expenses		(14,197,321)	(6,131,039)
Depreciation and amortisation		(3,392,675)	(2,598,459)
Selling, general and administrative expenses		(10,216,151)	(4,650,423)
Finance costs	*6(c)*	(101,918)	–
(Loss)/profit before taxation	*6*	(16,892,454)	643,186
Income tax	*7(a)*	(805,286)	(1,712,534)
Loss for the year		(17,697,740)	(1,069,348)
Other comprehensive income, net of nil tax:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of subsidiaries in the People's Republic of China (the "**PRC**")		(72,614)	385,519
Total comprehensive income for the year		(17,770,354)	(683,829)
Losses per share			
Basic and diluted (HK cents)	*10*	(4.06)	(0.29)

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under transition methods chosen, comparative figures are not restated. See Note 2(c).

The notes on pages 51 to 107 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Note	31 March 2019 $	31 March 2018 (Note) $
Non-current assets			
Property, plant and equipment	12	**1,496,593**	2,008,691
Intangible assets	13	**7,572,654**	6,954,263
Deferred tax assets	7(c)	**135,911**	708,034
		9,205,158	9,670,988
Current assets			
Trade and other receivables	15	**6,017,991**	17,021,028
Cash and cash equivalents	17(a)	**48,918,156**	8,087,226
Amounts due from directors	16	**116,850**	807,098
Amount due from a fellow subsidiary	19	**371,853**	–
Income tax recoverable	7(c)	**2,290,941**	352,345
		57,715,791	26,267,697
Current liabilities			
Trade and other payables and contract liabilities	18	**17,552,129**	13,162,378
Amount due to a fellow subsidiary	19	**–**	7,412,601
Income tax payable	7(c)	**1,433,562**	1,269,445
		18,985,691	21,844,424
Net current assets		**38,730,100**	4,423,273
Total assets less current liabilities		**47,935,258**	14,094,261
Non-current liabilities			
Deferred tax liabilities	7(c)	**–**	17,670
NET ASSETS		**47,935,258**	14,076,591
CAPITAL AND RESERVES	21		
Share capital		**4,781,840**	5,698
Reserves		**43,153,418**	14,070,893
TOTAL EQUITY		**47,935,258**	14,076,591

Approved and authorised for issue by the board of directors on 18 June 2019.

Liu Yong)
Liao Jicheng) *Directors*

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under transition methods chosen, comparative figures are not restated. See Note 2(c).

The notes on pages 52 to 107 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
	Note	Share capital *Note 21(b)* $	Share premium *Note 21(c)* $	SAS reserve *Note 21(d)* $	Employee share-based compensation reserve *Note 21(e)* $	Translation reserve *Note 21(f)* $	Merger reserve *Note 21(g)* $	Other reserve *Note 21(h)* $	Accumulated losses $	Total $
At 1 April 2017		7,510,000	–	–	10,125,857	1,616,681	1,147,798	676,380	(7,357,874)	13,718,842
Changes in equity for the year ended 31 March 2018:										
Loss for the year		–	–	–	–	–	–	–	(1,069,348)	(1,069,348)
Other comprehensive income		–	–	–	–	385,519	–	–	–	385,519
Total comprehensive income for the year		–	–	–	–	385,519	–	–	(1,069,348)	(683,829)
Arising from Reorganisation		(7,504,302)	–	–	–	–	–	7,504,302	–	–
Equity-settled share-based transactions	*20(a)*	–	–	–	1,041,578	–	–	–	–	1,041,578
		(7,504,302)	–	–	1,041,578	–	–	7,504,302	–	1,041,578
At 31 March 2018 *(Note)*		5,698	–	–	11,167,435	2,002,200	1,147,798	8,180,682	(8,427,222)	14,076,591
At 31 March 2018 *(Note)*		5,698	–	–	11,167,435	2,002,200	1,147,798	8,180,682	(8,427,222)	14,076,591
Impact on initial application of HKFRS 9		–	–	–	–	–	–	–	(141,950)	(141,950)
Impact on initial application of HKFRS 15		–	–	–	–	–	–	–	(4,452,731)	(4,452,731)
Adjusted balances at 1 April 2018		5,698	–	–	11,167,435	2,002,200	1,147,798	8,180,682	(13,021,903)	9,481,910
Changes in equity for the year ended 31 March 2019:										
Loss for the year		–	–	–	–	–	–	–	(17,697,740)	(17,697,740)
Other comprehensive income		–	–	–	–	(72,614)	–	–	–	(72,614)
Total comprehensive income for the year		–	–	–	–	(72,614)	–	–	(17,697,740)	(17,770,354)
Capitalisation issue		3,744,302	(3,744,302)	–	–	–	–	–	–	–
Issue of shares upon the initial public offering ("IPO")		1,250,000	66,731,855	–	–	–	–	–	–	67,981,855
Equity-settled share-based transactions	*20(a)*	–	–	–	687,226	–	–	–	–	687,226
Purchase of the Company's shares for Share Award Scheme (defined in Notes 14(b) and 20(b))	*20(b)*	(218,160)	–	(12,227,219)	–	–	–	–	–	(12,445,379)
		4,776,142	62,987,553	(12,227,219)	687,226	–	–	–	–	56,223,702
At 31 March 2019		4,781,840	62,987,553	(12,227,219)	11,854,661	1,929,586	1,147,798	8,180,682	(30,719,643)	47,935,258

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under transition methods chosen, comparative figures are not restated. See Note 2(c).

The notes on pages 52 to 107 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(Expressed in Hong Kong dollars)

	Note	2019 $	2018 (Note) $
Cash (used in)/generated from operations	17(b)	(13,650,155)	4,641,591
Tax paid		(1,047,005)	(1,967,605)
Net cash (used in)/generated from operating activities		(14,697,160)	2,673,986
Investing activities			
Payment for the purchase of property, plant and equipment		(216,708)	(603,335)
Payment for intangible assets		(3,888,355)	(4,288,023)
Payment for acquisition of a subsidiary		–	(169,335)
Interest received		351,741	6,536
Net cash used in investing activities		(3,753,322)	(5,054,157)
Financing activities			
Proceeds from issue of shares upon IPO		80,000,000	–
Payment of listing expenses		(8,631,263)	(2,015,740)
Decrease in amount due to a fellow subsidiary		–	(14,465)
Decrease/(increase) in amounts due from directors		681,994	(464,978)
Proceeds from loan from a third party	17(c)	5,000,000	–
Purchase of the Company's shares for Share Award Scheme (defined in Notes 14(b) and 20(b))		(12,445,379)	–
Interest paid	17(c)	(101,918)	–
Repayment of loan from a third party	17(c)	(5,000,000)	–
Net cash generated from/(used in) financing activities		59,503,434	(2,495,183)
Net increase/(decrease) in cash and cash equivalents		41,052,952	(4,875,354)
Cash and cash equivalents at the beginning of the year		8,087,226	12,648,042
Effect of foreign exchange rate changes		(222,022)	314,538
Cash and cash equivalents at the end of the year	17(a)	48,918,156	8,087,226

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under transition methods chosen, comparative figures are not restated. See Note 2(c).

The notes on pages 52 to 107 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION AND GROUP REORGANISATION

TradeGo Fintech Limited (the "**Company**") was incorporated in the Cayman Islands on 15 June 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on GEM of the The Stock Exchange of Hong Kong Limited since 28 September 2018.

The Company is an investment holding company and the principal activities of the Company's subsidiaries are set out in Note 14.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation

The consolidated financial statements for the year ended 31 March 2019 comprise the Company and its subsidiaries. Pursuant to a group reorganisation (the "**Reorganisation**") detailed in the Company's prospectus dated 17 September 2018, the Company became the holding company of the companies now comprising the Group.

Prior to the incorporation of the Company, the Group's principal activities were carried out by Tele-Trend Konson (Hong Kong) Limited ("**Tele-Trend Konson**") and its subsidiaries. To rationalise the corporate structure in preparation of the listing of the Company's shares on GEM of the Stock Exchange, the Group underwent the Reorganisation. Upon completion of the Reorganisation, the Company became the holding company of the Group.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (continued)

The Reorganisation only involved inserting of the Company and Power Mind Global Limited, which are newly formed entities with no substantive operations as holding companies of Tele-Trend Konson, and there was no change in the business and operations of Tele-Trend Konson and its subsidiaries. Accordingly, the Reorganisation has been accounted for using a principle similar to that as a reverse acquisition, with Tele-Trend Konson treated as the acquirer for accounting purposes. The consolidated financial statements have been prepared and presented as a continuation of the financial statements of Tele-Trend Konson with the assets and liabilities of Tele-Trend Konson recognised and measured at their historical carrying amounts prior to the Reorganisation.

Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("**HKD**" or "**$**"), which is the Company's functional currency. The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

(i) HKFRS 9, *Financial instruments*

(ii) HKFRS 15, *Revenue from contracts with customers*

(iii) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition and presentation of contract liabilities. Details of the changes in accounting policies are discussed in Note 2(c)(i) for HKFRS 9 and Note 2(c)(ii) for HKFRS 15. Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balances at 1 April 2018. Comparative information is not restated.

The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	Carrying amount at 31 March 2018 $	Initial adoption of HKFRS 9 *Note 2(c)(i)* $	Initial adoption of HKFRS 15 *Note 2(c)(ii)* $	Carrying amount at 1 April 2018 $
Deferred tax assets	708,034	10,380	–	718,414
Total non-current assets	9,670,988	10,380	–	9,681,368
Cash and cash equivalents	8,087,226	–	–	8,087,226
Trade and other receivables, excluding prepaid expenses	12,430,662	(170,000)	(5,332,612)	6,928,050
Amounts due from directors	807,098	–	–	807,098
Income tax recoverable	352,345	–	879,881	1,232,226
Total current assets	26,267,697	(170,000)	(4,452,731)	21,644,966
Total assets	35,938,685	(159,620)	(4,452,731)	31,326,334
Trade and other payables and contract liabilities	13,162,378	–	–	13,162,378
Amount due to a fellow subsidiary	7,412,601	–	–	7,412,601
Total current liabilities	21,844,424	–	–	21,844,424
Deferred tax liabilities	17,670	(17,670)	–	–
Total non-current liability	17,670	(17,670)	–	–
Net assets	14,076,591	(141,950)	(4,452,731)	9,481,910
Reserves	14,070,893	(141,950)	(4,452,731)	9,476,212
Total equity	14,076,591	(141,950)	(4,452,731)	9,481,910

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

(i) HKFRS 9, *Financial instruments,* including the amendments to HKFRS 9, *Prepayment features with negative compensation*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses at 1 April 2018.

	$
Recognition of additional credit losses on financial assets measured at amortised cost	170,000
Related tax	(28,050)
Net increase in accumulated losses at 1 April 2018	141,950

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

a. Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("**FVOCI**") and at fair value through profit or loss ("**FVPL**"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The Group's financial assets mainly represent cash and cash equivalents, trade and other receivables and amounts due from related parties, which were classified as loans and receivables under HKAS 39 and are now classified as financial assets measured at amortised cost under HKFRS 9. The measurement categories for all the Group's financial liabilities remain the same. Except for the recognition of additional credit losses as further explained below, adoption of HKFRS 9 has no impact to the carrying amount of the Group's financial assets and liabilities as at 1 April 2018.

For an explanation of how the Group classifies and measures financial assets and financial liabilities and recognises related gains and losses under HKFRS 9, see respective accounting policy notes in Notes 2(i)(i), (j), (k) and (l).

The Group did not designate or re-designate any financial assets or financial liabilities at FVPL at 1 April 2018.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

(i) HKFRS 9, *Financial instruments,* including the amendments to HKFRS 9, *Prepayment features with negative compensation (continued)*

b. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("**ECL**") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and amounts due from directors).

For further details on the Group's accounting policy for accounting for credit losses, see Note 2(i)(i).

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 March 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 April 2018.

	$
Loss allowance at 31 March 2018 under HKAS 39	706,500
Additional credit loss recognised at 1 April 2018 on other receivables	170,000
Loss allowance at 1 April 2018 under HKFRS 9	876,500

c. Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except for information relating to comparative periods. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

(ii) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

The following table summarises the impact of transition to HKFRS 15 on accumulated losses and the related tax impact at 1 April 2018:

	$
Later recognition of revenue from front office trading system services	5,332,612
Related tax	(879,881)
Net increase in accumulated losses at 1 April 2018	4,452,731

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

(ii) HKFRS 15, *Revenue from contracts with customers (continued)*

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. Timing of revenue recognition

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The Group has assessed that the adoption of HKFRS 15 would be relevant to the recognition of certain revenue relating to the Group's front office trading system services, which involved principally provision of upfront work to launch the trading system and provision of licence of right to use the trading system and unspecified upgrades and technical support after the launch of the trading system during the licence period (the "**Post Delivery Support**"). Normally for customers that render front office trading system services, the Group also provide cloud infrastructure and hosting services during the licence period. Taking into account of the contract terms with these customers and the Group's business practice, although the associated risk and rewards was considered to be transferred to the customer upon the launch of the trading system, the control over the trading system is not considered to be transferred to these customers until later when the Post Delivery Support and the cloud infrastructure and hosting services are provided. As such, the portion of revenue attributable to the upfront work, which was previously recognised point in time upon launch of the trading system, is recognised over time during the licence period upon adoption of HKFRS 15.

As a result of this change in accounting policy, the Group has made adjustments to opening balances at 1 April 2018 which decreased trade and other receivables by $5,332,612 and income tax payable by $879,881.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

(ii) HKFRS 15, *Revenue from contracts with customers (continued)*

b. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before receiving the consideration or being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

As a result of this change in accounting policy, the Group has made adjustments to opening balances at 1 April 2018 to reclassify receipt in advance of $7,662,729 to contract liabilities, which are continued to be presented in the consolidated statement of financial position under "trade and other payables and contract liabilities".

(iii) HK(IFRIC) 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Business combinations

Business combinations are accounted for using the acquisition method. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

(e) Subsidiaries and controlled structured entities

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

An investment in a subsidiary is consolidated in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in the former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as fair value on initial recognition of a financial asset.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)). A controlled structured entity that is directly held by the Company is considered as branch/agent of the Company and the assets and liabilities thereof are accounted for as assets and liabilities of the Company in the Company's statement of financial position.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Office equipment	3–5 years
– Computer equipment	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes direct labour and an appropriate proportion of overhead and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(i)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The internally developed software systems are amortised for 3 years from the date they are available for use.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

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

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

(A) Policy applicable from 1 April 2018

The Group recognises a loss allowance for ECLs on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and amounts due from directors) and contract assets as defined in HKFRS 15 (see Note 2(j)).

Financial assets measured at FVPL are not subject to the ECL assessment.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

(A) Policy applicable from 1 April 2018 (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For trade and other receivables, other fixed-rate financial assets and contract assets, the expected cash shortfalls are discounted using effective interest rate determined at initial recognition or an approximation thereof, where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

(A) Policy applicable from 1 April 2018 (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is significantly past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

(A) Policy applicable from 1 April 2018 (continued)

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(r)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

(B) Policy applicable prior to 1 April 2018

Prior to 1 April 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence existed, an impairment loss was recognised and measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment, intangible assets and investment in a subsidiary in the Company's statement of financial position may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years/periods. Reversals of impairment losses are credited to profit or loss in the year/period in which the reversals are recognised.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(r)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(k)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(r)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(k)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(r)(iv)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statements. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(i)(i).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(t)).

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of restricted shares granted to employees is recognised as an employee cost with a corresponding increase in employee share-based compensation reserve within equity. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the restricted shares, the total estimated fair value of the restricted shares is spread over the vesting period, taking into account the probability that the restricted shares will vest.

During the vesting period, the number of restricted shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years/periods is charged/credited to the profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of restricted shares that vest (with a corresponding adjustment to the employee share-based compensation reserve). The equity amount is recognised in the employee share-based compensation reserve until either the restricted share is exercised (when it is included in the amount recognised in share capital for the restricted shares issued) or the restricted expires (when it is released directly to retained profits).

Shares held by a controlled structured entity of the Group (see Note 2(e)) to meet obligations under share-based payment arrangements (see Note 20(b)) are accounted for as treasury shares in the consolidated financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue and other income (continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Front office trading system service income*

Front office trading system service income is derived principally from the provision of upfront work to launch the trading system, provision of the licence of right to use the trading system and provision of unspecified upgrades and technical support after launch of the trading system during the licence period (together, the "Post Delivery Support"). Revenue from front office trading system service is recognised over time on a straight-line basis over the licence period after the launch of the trading system. Prior to 1 April 2018, revenue is recognised upon delivery of the trading system, except for the portion related to the Post Delivery Support is deferred and recognised as revenue on a straight-line basis over the licence period after the launch of the trading system.

(ii) *Market data service income*

Market data service refers to provision of market data feeds from stock and future exchanges, with which the Group obtained market data vendor licences, via the Group's securities trading platform software. Revenue from provision of continuous data feed is recognised over time during the contract period and revenue from provision of per quote data feed is recognised at a point in time when the quote data feed is provided.

(iii) *Other services*

Other services include primarily cloud infrastructure and hosting service, online advertising service, simulation trading platform service, online account opening appointment service, two-factor authentication service and customised software development service. Except for revenue from cloud infrastructure and hosting service and online advertising service that are recognised over time on a straight-line basis during the contract period, revenue from other services are normally recognised at a point in time upon completion of the services.

(iv) *Interest income*

Interest income is recognised as it accrues using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expensed.

(t) Borrowing costs

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

(u) Translation of foreign currencies

Foreign currency transactions during the years are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(2) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Key sources of estimation uncertainty

Notes 20(a) and 22 contain information about the assumptions and their risk factors relating to valuation of fair value of restricted shares granted and financial instruments.

(b) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Capitalisation of development costs

Significant judgement is required to be exercised by management in respect of the capitalisation of development costs, amortisation of capitalised development costs and determining whether there are any impairment indicators.

Management judgement is required to determine whether technical and commercial feasibility has been achieved for the software system, identify the relevant costs to be capitalised and assess the timing of capitalisation. These are estimated based on current market situation and historical experience on similar software systems. Any change in the assumptions would increase or decrease the amount of capitalised development costs on the consolidated statement of financial position and affect the results of the Group.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset, after taking into account the estimated residual value. The Group reviews annually the useful life of the asset, amortisation method and its residual value, if any. The amortisation expense for future periods could be adjusted if there are significant changes from previous estimates.

The Group reviews the carrying amounts of the capitalised development costs and other available information to determine whether there is objective evidence of impairment. When indication of impairment is identified, management assesses the differences between the carrying amounts and recoverable amounts and makes provision for impairment loss. Any change in the assumptions adopted to determine if there is any potential impairment of development costs might affect the Group's financial position and results.

(Expressed in Hong Kong dollars unless otherwise indicated)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Critical accounting judgements in applying the Group's accounting policies (continued)

(ii) Revenue recognition for front office trading system service income

Prior to 1 April 2018, the Group recognises the front office trading system service income upon delivery of the trading system, while the portion related to the Post Delivery Support is deferred and recognised as revenue on a straight-line basis over the licence period after the launch of the trading system. Judgement is required in determining the portion of revenue that is related to the Post Delivery Support.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of front office trading system services, market data services and other services to its customers.

Disaggregation of revenue from contracts with customers by major service lines and timing of revenue recognition is as follows:

	2019	2018
		(Note)
	$	$
Front office trading system services	**22,020,143**	18,891,247
Market data services	**15,746,398**	17,531,285
Other services	**8,544,888**	6,786,502
	46,311,429	43,209,034
Representing:		
Recognised at point in time	**10,293,587**	16,655,253
Recognised over time	**36,017,842**	26,553,781
	46,311,429	43,209,034

Note: The Group has initially applied HKFRS 15 at 1 April 2018. Under transition methods chosen, comparative figures are not restated. See Note 2(c).

The Group's customer base is diversified and includes no customer with whom transactions have exceeded 10% of the Group's revenue during the years ended 31 March 2019 and 2018. Details of concentrations of credit risk arising from the Group's largest customers are set out in Note 22(a).

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

The Group has one reportable segment and the Group's chief operating decision maker, which has been identified as the Board of Directors, reviews the consolidated results of the Group for the purpose of resource allocation and performance assessment. Therefore, no additional reportable segment information has been presented.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the service was provided. The geographical location of the specified non-current assets, property, plant and equipment and intangible assets, is based on the physical locations of the operations to which they are allocated.

	Revenues from external customers during the year ended 31 March		Specified non-current assets as at 31 March	
	2019	2018	**2019**	2018
	$	$	**$**	$
Hong Kong (place of domicile)	**42,510,770**	41,677,667	**113,553**	158,832
The PRC	**3,800,659**	1,531,367	**8,955,694**	8,804,122
	46,311,429	43,209,034	**9,069,247**	8,962,954

5 OTHER GAINS, NET

	2019	2018
	$	$
Net exchange (loss)/gain	**(331,166)**	132,163
Interest income	**351,741**	6,536
Government grants	**409,058**	–
Others	**5,758**	(5,291)
	435,391	133,408

During the year ended 31 March 2019, the Group successfully applied for several funding support from the municipal government of Shenzhen. The purpose of the funding support is to encourage innovation by granting financial assistance to commercial entities whose research and development projects meet certain criteria. There were no unfulfilled conditions and other contingencies attached to the receipts of these grants. There is no assurance that the Group will continue to receive such grant in the future.

(Expressed in Hong Kong dollars unless otherwise indicated)

6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

(a) Staff costs (including directors' remuneration)

	2019 $	2018 $
Salaries, wages and other benefits	22,420,590	15,406,028
Contributions to defined contribution retirement plans	1,455,236	1,138,647
Equity-settled share-based payments *(Note 20(a))*	571,171	865,682
	24,446,997	17,410,357

The Group operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000. Contributions to the plan vest immediately.

In addition, as stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal government of Shenzhen and provincial government of Guangdong for its staff. The Group is required to make contributions to such retirement plans. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

(Expressed in Hong Kong dollars unless otherwise indicated)

6 (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	2019 $	2018 $
Depreciation *(Note 12)*	560,363	483,953
Amortisation of intangible assets *(Note 13)*	2,832,312	2,114,506
Loss on disposal of property, plant and equipment	–	8,851
Operating lease charges		
– minimum leases payments of office premises	2,284,346	1,723,281
Auditors' remuneration	1,360,961	127,814
Research and development cost#	9,322,658	4,882,728
Impairment loss of trade and other receivables	550,931	706,500

Research and development cost represents staff costs and operating lease charges, amounts of which are also included in the respective total amounts disclosed separately above or in Note 6(a).

(c) Finance cost

	2019 $	2018 $
Interest on loan from a third party	101,918	–

7 INCOME TAX

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2019 $	2018 $
Current tax – Hong Kong Profits Tax		
Provision for the year	947	1,112,817
Current tax – The PRC		
Provision for the year	234,063	158,442
Deferred tax	235,010	1,271,259
Origination and reversal of temporary differences *(Note 7(c))*	570,276	441,275
	805,286	1,712,534

(Expressed in Hong Kong dollars unless otherwise indicated)

7 INCOME TAX (CONTINUED)

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents: (continued)

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) The provision for Hong Kong Profit Tax for the year ended 31 March 2019 is calculated at 8.25% (2018:16.5%) of the first $2,000,000 and 16.5% (2018:16.5%) of the remaining estimated assessable profits of the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2017-18 subject to a maximum reduction of $30,000 for each business (2018: a maximum reduction of $30,000 was granted for the year of assessment 2017-18 and was taken into account in calculating the provision for 2018).Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in respective jurisdictions in which the Group operates. In accordance with the relevant PRC rules and regulations, the PRC Enterprise Income Tax rate applicable to the Group's subsidiaries in the PRC is principally 25% during the year ended 31 March 2019.

(iii) According to the PRC Corporate Income Tax Law and its relevant regulations, entities that are qualified as High and New Technology Enterprise under the tax law are entitled to a preferential income tax rate of 15%. During the year ended 31 March 2018, Tele-Trend Konson Software (Shenzhen) Limited ("**Tele-Trend Konson SZ**") filed the application for status of High and New Technology Enterprise ("**HNTE status**") and has obtained the HNTE status on 31 October 2017 with an effective period of three years. Therefore, Tele-Trend Konson SZ was entitled to a preferential income tax rate of 15% for the calendar years 2017, 2018 and 2019. In addition, the directors of the Company consider that the Tele-Trend Konson SZ could renew the HNTE status upon its expiry and accordingly, tax rate of 15% was applied to determine the income tax expense of Tele-Trend Konson SZ for the year ended 31 March 2019 and the carrying value of the deferred tax assets and liabilities arisen from Tele-Trend Konson SZ as at 31 March 2019.

(b) Reconciliation between income tax expense and accounting (loss)/profit before taxation at applicable tax rates:

	2019 **$**	2018 $
(Loss)/profit before taxation	**(16,892,454)**	643,186
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**(2,572,939)**	221,388
Effect of non-deductible expenses	**3,751,717**	1,508,365
Effect of non-taxable income	**(202,177)**	(17,219)
PRC Corporate Income Tax concessionaries	**(171,315)**	–
Income tax expense	**805,286**	1,712,534

(Expressed in Hong Kong dollars unless otherwise indicated)

7 INCOME TAX (CONTINUED)

(c) Income tax in the consolidated statement of financial position represents:

	31 March 2019 $	1 April 2018 $	31 March 2018 $
Provision of Hong Kong Profits Tax for the year	**(947)**	(1,112,817)	(1,112,817)
Provisional Hong Kong Profits Tax paid	**596,585**	1,457,738	1,457,738
	595,638	344,921	344,921
Balance of provision of Hong Kong Profits Tax relating to prior years	**1,682,647**	887,305	7,424
	2,278,285	1,232,226	352,345
Net income tax payables in respect of the PRC subsidiaries	**(1,420,906)**	(1,269,445)	(1,269,445)
	857,379	(37,219)	(917,100)

Reconciliation to the consolidated statement of financial position is as follows:

	At 31 March 2019 $	At 1 April 2018 $	At 31 March 2018 $
Income tax recoverable recognised in the consolidated statement of financial position	**2,290,941**	1,232,226	352,345
Income tax payable recognised in the consolidated statement of financial position	**(1,433,562)**	(1,269,445)	(1,269,445)
	857,379	(37,219)	(917,100)

(Expressed in Hong Kong dollars unless otherwise indicated)

7 INCOME TAX (CONTINUED)

Deferred tax assets/(liabilities) recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements for the year ended 31 March 2019 are as follows:

	Tax loss $	Others $	Total $
Deferred tax arising from:			
At 1 April 2017	1,098,710	(9,565)	1,089,145
Charged to profit or loss	(433,170)	(8,105)	(441,275)
Translation differences	42,494	–	42,494
At 31 March 2018	708,034	(17,670)	690,364
Impact on initial adoption of HKFRS 9	–	28,050	28,050
At 1 April 2018	708,034	10,380	718,414
(Charged)/credited to profit or loss	(574,007)	3,731	(570,276)
Translation differences	(12,227)	–	(12,227)
At 31 March 2019	**121,800**	**14,111**	**135,911**

Reconciliation to the consolidated statement of financial position is as follows:

	At 31 March 2019 $	At 1 April 2018 $	At 31 March 2018 $
Net deferred tax assets recognised in the consolidated statement of financial position	**135,911**	718,414	708,034
Net deferred tax liabilities recognised in the consolidated statement of financial position	**–**	–	(17,670)
	135,911	718,414	690,364

Upon initial adoption of HKFRS 9 and HKFRS 15, the Group made certain opening adjustments (see Note 2(c)). The tax effects of such adjustments are also recognised as opening adjustments at 1 April 2018.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fee $	Salaries, allowance and benefits in kind $	Discretionary bonus $	Retirement scheme contributions $	Equity share-based payments $	2019 Total $
Executive Directors						
Liu Yong	–	761,889	–	33,141	–	795,030
Liao Jicheng	–	824,254	–	33,141	51,201	908,596
Wan Yong	–	553,970	–	7,497	51,201	612,668
Non-executive Director						
Lin Hung Yuan	–	–	–	–	–	–
Independent non-executive Directors						
Jiao Jie (appointed on 29 August 2018)	–	100,000	–	–	–	100,000
Loke Yu (appointed on 29 August 2018)	–	100,000	–	–	–	100,000
Man Kong Yui (appointed on 29 August 2018)	–	100,000	–	–	–	100,000
	–	2,440,113	–	73,779	102,402	2,616,294

(Expressed in Hong Kong dollars unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS (CONTINUED)

	Directors' fee $	Salaries, allowance and benefits in kind $	Discretionary bonus $	Retirement scheme contributions $	Equity share-based payments $	2018 Total $
Executive Directors						
Liu Yong	–	695,413	–	30,157	–	725,570
Liao Jicheng	–	458,806	–	16,500	77,585	552,891
Wan Yong	–	–	–	–	77,585	77,585
Non-executive Director						
Lin Hung Yuan (appointed on 23 June 2017)	–	–	–	–	–	–
	–	1,154,219	–	46,657	155,170	1,356,046

No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2019 and 2018. No director waived or agreed to waive any emoluments during the years ended 31 March 2019 and 2018.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2018: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other two (2018: three) individuals are as follows:

	2019 $	2018 $
Salaries, allowances and benefits in kind	**815,856**	887,300
Discretionary bonus	**33,190**	–
Retirement scheme contributions	**72,524**	317,230
Share-based payments	**–**	271,547
	921,570	1,476,077

The emoluments of the two (2018: three) individuals with the highest emoluments are within the following bands:

	2019 Number of Individuals	2018 Number of Individuals
Nil to $1,000,000	**2**	3

(Expressed in Hong Kong dollars unless otherwise indicated)

10 LOSSES PER SHARE

The calculation of the basic losses per share is based on the loss for the year attributable to equity shareholders of the Company of $17,697,740 (2018: $1,069,348), and the weighted average number of ordinary shares of approximately 436,184,000 (2018: 375,000,000) in issue, taking into consideration of the effect of Reorganisation, the capitalisation issue and the shares held for the Share Award Scheme (defined in Note 20(b)), among which the effect of capitalisation issue is adjusted retrospectively.

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued for the years ended 31 March 2019 and 2018.

(i) Losses

	2019 **$**	2018 $
Loss attributable to ordinary equity shareholders of the Company	**(17,697,740)**	(1,069,348)

(ii) Number of shares

	2019 **'000**	2018 '000
Issued ordinary shares at 1 April	**570**	570
Effect of capitalisation issue	**374,430**	374,430
Effect of issue of shares upon IPO	**63,014**	–
Effect of shares held for the Share Award Scheme	**(1,830)**	–
Weighted average number of ordinary shares at 31 March	**436,184**	375,000

11 DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during the years ended 31 March 2019 and 2018, nor has any dividend been proposed after the end of reporting period.

(Expressed in Hong Kong dollars unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment $	Office equipment $	Total $
Cost:			
At 1 April 2017	2,546,716	243,637	2,790,353
Additions	256,174	347,161	603,335
Disposals	(62,310)	–	(62,310)
Translation differences	223,158	22,128	245,286
At 31 March 2018	2,963,738	612,926	3,576,664
At 1 April 2018	**2,963,738**	**612,926**	**3,576,664**
Additions	**145,168**	**71,540**	**216,708**
Translation differences	**(189,385)**	**(34,527)**	**(223,912)**
At 31 March 2019	**2,919,521**	**649,939**	**3,569,460**
Accumulated depreciation:			
At 1 April 2017	974,561	70,383	1,044,944
Charge for the year	473,234	10,719	483,953
Written back on disposals	(53,459)	–	(53,459)
Translation differences	84,417	8,118	92,535
At 31 March 2018	1,478,753	89,220	1,567,973
At 1 April 2018	**1,478,753**	**89,220**	**1,567,973**
Charge for the year	**472,557**	**87,806**	**560,363**
Translation differences	**(64,427)**	**8,958**	**(55,469)**
At 31 March 2019	**1,886,883**	**185,984**	**2,072,867**
Net book value:			
At 31 March 2018	1,484,985	523,706	2,008,691
At 31 March 2019	**1,032,638**	**463,955**	**1,496,593**

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

13 INTANGIBLE ASSETS

	Internally developed software system $
Cost:	
At 1 April 2017	5,488,699
Additions through internal development	4,288,023
Translation differences	840,613
At 31 March 2018	10,617,335
At 1 April 2018	**10,617,335**
Additions through internal development	**3,888,355**
Translation differences	**(691,863)**
At 31 March 2019	**13,813,827**
Accumulated amortisation:	
At 1 April 2017	1,286,049
Charge for the year	2,114,506
Translation differences	262,517
At 31 March 2018	3,663,072
At 1 April 2018	**3,663,072**
Charge for the year	**2,832,312**
Translation differences	**(254,211)**
At 31 March 2019	**6,241,173**
Net book value:	
At 31 March 2018	6,954,263
At 31 March 2019	**7,572,654**

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

14 PRINCIPAL SUBSIDIARIES AND A CONTROLLED STRUCTURED ENTITY

(a) Principal subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Proportion of ownership interest		Principal activities
				Group's effective interest	Held by the Company	
Power Mind Global Limited	The British Virgin Islands ("BVI")	2 June 2017	1 ordinary share of US$1	100%	100%	Investment holding
Tele-Trend Konson	Hong Kong	17 March 2011	Ordinary shares $7,510,000	100%	–	Provision of front office trading system services and market data services
Tele-Trend Konson SZ (捷利港信軟件(深圳)有限公司) *(Note)*	The PRC	29 July 2010	Registered capital RMB20,000,000	100%	–	Development of computer hardware and software technology
Shenzhen Rongyi Technology Company Limited ("Shenzhen Rongyi") (深圳市融易科技有限公司) *(Note)*	The PRC	1 April 2010	Registered capital RMB5,000,000	100%	–	Development of computer hardware and software technology
Shenzhen Qianhai Xinfeng Financial Services Company Limited (深圳市前海新蜂金融服務有限公司) *(Note)*	The PRC	23 September 2015	Registered capital RMB5,000,000	100%	–	Development of computer hardware and software technology

Note: The English names of these entities are for reference only. The official names of these entities are in Chinese.

(b) A controlled structured entity

The Company directly controlled a trust (the "**Share Award Scheme Trust**") that was set up in relation to the Group's share award scheme adopted on 19 December 2018 (the "**Share Award Scheme**"). Principal activities of the Share Award Scheme Trust include purchasing, administering and holding the Company's shares under the Share Award Scheme for the benefit of eligible employees (see Note 20(b)).

The Company has the power to direct the relevant activities of the Share Award Scheme Trust and it has the ability to use its power over the trust to affect its exposure to returns. Therefore, the Share Award Scheme Trust is considered as a controlled structured entity of the Group.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

15 TRADE AND OTHER RECEIVABLES

	31 March 2019 $	1 April 2018 $	31 March 2018 $
Trade receivables, net of loss allowance *(Note i)*	**3,218,118**	5,361,321	10,693,933
Deposits and other receivables, net of loss allowance *(Note ii)*	**946,406**	1,566,729	1,736,729
	4,164,524	6,928,050	12,430,662
Prepaid expenses	**1,853,467**	4,590,366	4,590,366
	6,017,991	11,518,416	17,021,028

Notes:

(i) Upon the adoption of HKFRS 15, opening adjustments as at 1 April 2018 were made to trade receivables to reflect the difference in timing of recognition for certain revenue (see Note 2(c)(ii)).

(ii) Upon the adoption of HKFRS 9, opening adjustments as at 1 April 2018 were made to recognise additional ECLs on other receivables (see Note 2(c)(i)).

At 31 March 2019, except for rental deposit of $399,533 (2018: $430,019), all of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis of trade receivables

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on invoice date and net of loss allowance, is as follows:

	31 March 2019 $	31 March 2018 $
Within 1 month	**1,246,676**	7,592,898
1 to 3 months	**1,813,129**	2,604,968
3 to 6 months	**153,034**	294,378
Over 6 months	**5,279**	201,689
	3,218,118	10,693,933

Trade receivables are generally due immediately from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 22(a).

16 AMOUNTS DUE FROM DIRECTORS

The amounts due from directors are non-trade in nature, interest-free, unsecured and recoverable on demand.

(Expressed in Hong Kong dollars unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	31 March 2019 $	31 March 2018 $
Cash at banks and on hand	**48,918,156**	8,087,226

(b) Reconciliation of (loss)/profit before taxation to cash (used in)/generated from operations:

	Note	2019 $	2018 $
Operating activities			
(Loss)/profit before taxation		**(16,892,454)**	643,186
Adjustments for:			
Depreciation	*6(b)*	**560,363**	483,953
Amortisation of intangible assets	*6(b)*	**2,832,312**	2,114,506
Interest income	*5*	**(351,741)**	(6,536)
Equity-settled share-based payments		**687,226**	1,041,578
Net exchange loss/(gain)		**331,166**	(347,350)
Impairment of trade and other receivables	*6(b)*	**550,931**	706,500
Loss on disposal of property, plant and equipment	*6(b)*	**–**	8,851
Finance cost	*6(c)*	**101,918**	–
Operating (loss)/profit before changes in working capital		**(12,180,279)**	4,644,688
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**969,658**	(2,802,893)
Increase in trade and other payables and contract liabilities		**3,544,198**	3,366,476
Decrease in amount due to a fellow subsidiary		**(5,611,879)**	(566,680)
Increase in amount due from a fellow subsidiary		**(371,853)**	–
Cash (used in)/generated from operations		**(13,650,155)**	4,641,591

(Expressed in Hong Kong dollars unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities during the year ended 31 March 2019, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Loan from a third party $
At 1 April 2018	–
Changes from financing cash flows:	
Proceeds from loan from a third party	5,000,000
Interest paid	(101,918)
Repayment of loan from a third party	(5,000,000)
	(101,918)
Other change:	
Finance cost	101,918
At 31 March 2019	**–**

18 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	31 March 2019 **$**	1 April 2018 $	31 March 2018 $ *(Note)*
Trade payables	**1,234,667**	1,351,214	1,351,214
Receipt in advance	**–**	–	7,662,729
Contract liabilities	**6,569,150**	7,662,729	–
Other payables and accrued liabilities	**9,748,312**	4,148,435	4,148,435
	17,552,129	13,162,378	13,162,378

Note: Upon the adoption of HKFRS 15, opening adjustments as at 1 April 2018 were made to reclassify receipt in advance from trade and other payables to contract liabilities (see Note 2(c)(ii)). Trade and other payables and contract liabilities are aggregated into a single line item "Trade and other payables and contract liabilities" on the face of the statement of financial position.

All trade and other payables were expected to be settled within one year or are repayable on demand.

(Expressed in Hong Kong dollars unless otherwise indicated)

18 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

(a) An ageing analysis of trade payables based on the invoice date is as follows:

	31 March 2019 $	31 March 2018 $
Within 1 month	**692,922**	735,417
1 to 2 months	**511,745**	615,797
2 to 3 months	**–**	–
Over 3 months	**30,000**	–
	1,234,667	1,351,214

(b) Contract liabilities

For certain front office trading system services, the Group normally requires advance payment from the customers prior to provision of the services. When the Group receives such advance before commencement of providing the services this will give rise to contract liabilities.

Significant changes in contract liabilities balances during the current year are as follows:

	2019 $
Revenue recognised that was included in the contract liabilities at the beginning of the year	**(7,662,729)**
Increase due to cash received, excluding amounts recognised as revenue during the year	**6,559,150**

19 AMOUNT DUE FROM/TO A FELLOW SUBSIDIARY

The amount due from/to a fellow subsidiary is interest-free, unsecured and repayable on demand.

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(a) Pre-IPO Equity Interest Incentive Scheme

On 16 July 2015, Xin Cheng International Limited ("**Xin Cheng**"), a company controlled by Mr. Liu Yong which holds indirect equity interest in Tele-Trend Konson, signed a deed with certain employees and external consultants of the Group, pursuant to which a stock ownership plan (the "Pre-IPO Equity Interest Incentive Scheme") is launched. The Pre-IPO Equity Interest Incentive Scheme is launched with the objective to recognise and reward the contribution of eligible employees and external consultants (together, the "**Eligible Personnel**") to the growth and development of the Group. Under the Pre-IPO Equity Interest Incentive Scheme, Mr. Liu Yong will grant the restricted shares in Xin Cheng held by him to the Eligible Personnel at nil consideration, whereby such restricted shares will vest upon IPO of Tele-Trend Konson, or any other corporate entity formed within the Group for the purpose of a listing exercise. The Group has no legal or constructive obligations to repurchase or settle the restricted shares granted in cash.

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) Pre-IPO Equity Interest Incentive Scheme (continued)

The Pre-IPO Equity Interest Incentive Scheme is considered as an equity-settled share-based payment arrangement which is accounted for in accordance with accounting policies set out in Note 2(o)(ii).

On 16 July 2015, 80, 424 and 91 restricted shares of Xin Cheng, representing 1.80%, 9.54% and 2.05% effective interest in Tele-Trend Konson, were granted to the directors, employees and external consultants, respectively. All of the restricted shares vest on the date of IPO.

The fair value of the restricted shares granted was estimated with reference to the equity value of Xin Cheng at the date of grant. The fair value of the restricted shares granted under the Pre-IPO Equity Interest Incentive Scheme was determined using the income approach, whereby a pre-tax discount rate of 15% is applied to the future cash flows. The aggregate fair value of the restricted shares of Xin Cheng granted under the Pre-IPO Equity Interest Incentive Scheme on 16 July 2015 was assessed to be approximately $13,137,772, after applying an aggregate discount of 35.8% for lack of control over Tele-Trend Konson and lack of marketability of the restricted shares.

As part of the Reorganisation, Stand Tall International Limited ("**Stand Tall**") became the holding company of Xin Cheng on 14 June 2017, whereby the previous shareholders of Xin Cheng became shareholders of Stand Tall in the same proportion.

During the year ended 31 March 2016, two employees holding 26 restricted shares in total left the Group and the restricted shares granted to them lapsed accordingly. The remaining 537 restricted shares, representing 12.08% effective interest in Tele-Trend Konson, which subsisted during the years ended 31 March 2019 and 2018, vested on 28 September 2019 upon completion of the Company's IPO.

Share-based compensation expenses of $571,171 and $116,055 were recognised by the Group under "staff costs" and "selling, general and administrative expenses", respectively, during the year ended 31 March 2019 (2018: $865,682 and $175,896, respectively).

(b) Share Award Scheme

The Share Award Scheme was adopted on 19 December 2018. Subject to any early termination as contemplated under the Share Award Scheme, the scheme shall be valid and effective for a term of 10 years commencing on the date of adoption. The purpose of the Share Award Scheme is to provide incentives for the Group's employees to make contributions to the Group's long-term growth and to attract and retain employees who may be beneficial to the growth and development of the Group.

The awarded shares will be acquired by the Share Award Scheme Trust from the open market by utilising the Group's resources provided thereto. The maximum number of shares may be granted under the Share Award Scheme shall not exceed 25,000,000 shares and the total consideration used for purchase of awarded shares pursuant to the Share Award Scheme shall not exceed $15,000,000.

During the year ended 31 March 2019, based on the Company's instructions, the trustee has purchased a total of 21,816,000 ordinary shares of the Company on the Stock Exchange at prices ranging from $0.458 to $0.628 per share at a total consideration of approximately $12,445,379.

No shares were granted under the Share Award Scheme as at 31 March 2019.

(Expressed in Hong Kong dollars unless otherwise indicated)

21 CAPITAL AND RESERVES

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes of the Company's individual components of equity are set out below:

	Share capital $ (Note 21(b))	Share premium $ (Note 21(c))	SAS reserve $ (Note 21(d))	Accumulated loss $	Other reserve $ (Note 21(h))	Total equity $
At 15 June 2017 (date of incorporation)	–	–	–	–	–	–
Changes in equity from the date of incorporation to 31 March 2018						
Loss for the period	–	–	–	(73,171)	–	(73,171)
Issuance of shares	5,698	–	–	–	16,369,912	16,375,610
At 31 March 2018 and 1 April 2019	**5,698**	**–**	**–**	**(73,171)**	**16,369,912**	**16,302,439**
Changes in equity for the year ended 31 March 2019						
Loss for the year	–	–	–	(7,329,073)	–	(7,329,073)
Capitalisation issue	3,744,302	(3,744,302)	–	–	–	–
Shares issued upon IPO	1,250,000	66,731,855	–	–	–	67,981,855
Purchase of shares for Share Award Scheme	(218,160)	–	(12,227,219)	–	–	(12,445,379)
At 31 March 2019	**4,781,840**	**62,987,553**	**(12,227,219)**	**(7,402,244)**	**16,369,912**	**64,509,842**

(Expressed in Hong Kong dollars unless otherwise indicated)

21 CAPITAL AND RESERVES (CONTINUED)

(b) Share capital

The Company was incorporated on 15 June 2017 and the Reorganisation of the Group was completed on 22 August 2017. For the purpose of these consolidated financial statements, share capital as at 1 April 2018 represents the aggregate amount of share capital of the companies now comprising the Group, after elimination of investments in subsidiaries.

Share capital as at 31 March 2019 and 2018 included in the consolidated statement of financial position represents the share capital of the Company as follows:

	Authorised		Issued and fully paid	
	Number of shares	$	Number of shares	$
At 15 June 2017 (date of incorporation) *(Note i)*	38,000,000	380,000	1	–
Issue of shares	–	–	569,799	5,698
At 31 March 2018 and 1 April 2018	38,000,000	380,000	569,800	5,698
Increase in authorised share capital *(Note ii)*	1,962,000,000	19,620,000	–	–
Capitalisation issue *(Note iii)*	–	–	374,430,200	3,744,302
Shares issued upon IPO *(Note iv)*	–	–	125,000,000	1,250,000
Purchase of shares for Share Award Scheme *(Note 20(b))*	–	–	(21,816,000)	(218,160)
At 31 March 2019	**2,000,000,000**	**20,000,000**	**478,184,000**	**4,781,840**

Notes:

(i) Upon incorporation, the Company had an authorised share capital of $380,000 divided into 38,000,000 shares of $0.01 each. One nil-paid share was allotted and issued to the initial subscriber and transferred to TradeBook Global Limited, the then immediate holding company, on 15 June 2017. Carrying amount of $0.01 is not shown in the table above as a result of rounding. On 23 June 2017, one fully paid ordinary share, representing the entire issued share capital of Power Mind Global Limited, was allotted and issued to the Company and Power Mind Global Limited became a wholly-owned subsidiary of the Company. On 21 August 2017, Power Mind Global Limited acquired 20,000 shares in Tele-Trend Konson, representing its then entire issued share capital, from Tradebook Global Limited, and Tele-Trend Konson became a wholly-owned subsidiary of the Company. Upon completion of the Reorganisation, share capital of the Group as at 31 March 2018 represents the share capital of the Company.

(ii) On 29 August 2018, resolutions in writing were passed by the Company's shareholders pursuant to increase the authorised share capital from $380,000 to $20,000,000 by the creation of an additional of 1,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.

(iii) Immediately before completion of the Company's IPO on 28 September 2019, an amount of $3,744,302 was capitalised standing to the credit of the share premium account of the Company and to such amount was appropriated as to capital to pay up in full at par 374,430,200 shares.

(iv) On 28 September 2019, the Company's IPO was completed and 125,000,000 shares were issued pursuant to the IPO for a total cash consideration (before listing expenses) of $80,000,000.

(Expressed in Hong Kong dollars unless otherwise indicated)

21 CAPITAL AND RESERVES (CONTINUED)

(c) Share premium

The share premium represents the difference between the nominal value of the shares of between the nominal value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(d) SAS reserve

The SAS reserve represents the difference between (i) the purchase consideration for issued shares of the Company acquired for the purpose of satisfying the award of share granted or to be granted to eligible employees of the Group under the Company's Share Award Scheme and (ii) the aggregate par value of the shares purchased.

(e) Employee share-based compensation reserve

The employee share-based compensation reserve represents the fair value of actual or estimated number of unexercised shares granted to Eligible Personnel of the Pre-IPO Equity Interest Incentive Scheme recognised in accordance with accounting polices set out in Note 2(o)(ii).

(f) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation which are dealt with in accordance with the accounting policies set out in Note 2(u).

(g) Merger reserve

The merger reserve represents the difference between the considerations and the aggregate share capital of subsidiaries acquired under business combinations under common control. The merger reserve as at 1 April 2015 is arisen from the acquisition of Tele-Trend Konson SZ by Tele-Trend Konson with details set out in the prospectus dated on 17 September 2018.

(h) Other reserve

Other reserve comprises the (i) debt of $676,380 waived by a former shareholder and (ii) the difference between the nominal value of the share capital of the subsidiary acquired as a result of the Reorganisation and the nominal value of the share capital of the Company issued in exchange thereof.

(Expressed in Hong Kong dollars unless otherwise indicated)

21 CAPITAL AND RESERVES (CONTINUED)

(i) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its business and provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets and other financial assets measured at amortised cost. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a good credit rating for which the Group considers to have low credit risk.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, none (2018: 4%) of the total trade receivables and contract assets was due from the Group's largest customer and 25% (2018: 15%) of the total trade receivables and contract assets was from the five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due immediately from the date of billing. Normally, the Group does not obtain collateral from customers.

(Expressed in Hong Kong dollars unless otherwise indicated)

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade receivables and contract assets (continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which, except for amounts due from customers with known financial difficulties or significant doubt on collection that are assessed individually, is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

As at 31 March 2019, loss allowance of $244,931 was recognised with respect to the Group's trade receivables and contract assets, of which trade receivables of $186,709 were from customers with known financial difficulties or significant doubt on collection that are individually assessed to be fully impaired. The Group's exposure to credit risk and ECLs for the remaining trade receivables and contract assets as at 31 March 2019 is as follows:

	ECL rate %	Gross carrying amount $	Loss allowance $	Carrying amount, net of loss allowance $
Not past due	0.2%	774,879	(1,620)	773,259
Past due less than 1 month	0.2%	474,409	(992)	473,417
Past due 1 to 3 months	0.6%	1,824,514	(11,384)	1,813,130
Past due 3 to 6 months	21.4%	194,787	(41,754)	153,033
Past due over 6 months	31.9%	7,751	(2,472)	5,279
		3,276,340	(58,222)	3,218,118

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(Expressed in Hong Kong dollars unless otherwise indicated)

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Comparative information under HKAS 39

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment (see Note 2(i)(i) – policy applicable prior to 1 April 2018). At 31 March 2018, the Group's trade receivables of $94,500 were individually determined to be impaired. The ageing analysis of trade receivables that were not considered to be impaired was as follows:

	31 March 2018 $
Neither past due nor impaired	6,091,068
Less than 1 month past due	1,501,830
1 to 3 months past due	2,604,968
3 to 6 months past due	294,378
Over 6 months past due	201,689
	10,693,933

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

(Expressed in Hong Kong dollars unless otherwise indicated)

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Comparative information under HKAS 39 (continued)

Movement in the loss allowance account in respect of trade receivables during the years is as follows:

	2019 $	2018 $
Balance at 31 March under HKAS 39	94,500	–
Impact on initial application of HKFRS 9 *(Note 2(c)(i))*	–	N/A
Adjusted balance at 1 April	94,500	N/A
Amounts written off during the year	(94,500)	–
Impairment losses recognised during the year	244,931	94,500
Balance at 31 March	244,931	94,500

Other financial assets measured at amortised cost

Other receivables mainly comprised of non-trade amounts due from related parties and deposit and other receivables. These financial assets at amortised costs are generally considered to have low credit risk. In determining the ECL, management has taken into account the credit ratings, historical default experience and the financial position of the counterparties, adjusted for factors, where applicable, that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The following table shows these financial assets that were subject to a 12-month ECL and lifetime ECL allowance when there were normally significant increase in credit risk.

	12-month ECL $	Lifetime ECL $	Total $
At 31 March 2019			
Gross amount	1,435,109	1,088,000	2,523,109
Loss allowance	–	(1,088,000)	(1,088,000)
Carrying amount, net of loss allowance	1,435,109	–	1,435,109

At 31 March 2019, other financial assets subject to 12-month ECL are from counterparties that are considered to have sufficient accessible highly liquid assets, and therefore the ECL is assessed to be immaterial.

(Expressed in Hong Kong dollars unless otherwise indicated)

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Other financial assets measured at amortised cost (continued)

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment (see Note 2(i)(i) – policy applicable prior to 1 April 2018). At 31 March 2018, the Group's other receivables of $612,000 were individually determined to be impaired.

Movement in the loss allowance account in respect of trade receivables during the years is as follows:

	2019 **$**	2018 $
Balance at 31 March under HKAS 39	**612,000**	–
Impact on initial application of HKFRS 9 *(Note 2(c)(i))*	**170,000**	–
Adjusted balance at 1 April	**782,000**	–
Impairment losses recognised during the year	**306,000**	612,000
Balance at 31 March	**1,088,000**	612,000

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

All financial liabilities are carried at amounts not materially different from their contractual undiscounted cashflow as all the financial liabilities are with maturities within one year or repayable on demand at the end of each reporting period.

(c) Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions related. The currency giving rise to this risk are primarily Renminbi ("**RMB**") and HKD.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Foreign currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in HKD)	
	RMB	**HKD**
	$	**$**
At 31 March 2019		
Trade and other receivables	**672,507**	**46,800**
Cash and cash equivalents	**564,995**	**2,653,686**
Amount due from a subsidiary	**–**	**–**
Trade and other payables	**(245,739)**	**(55,498)**
Net exposure arising from recognised assets and liabilities	**991,763**	**2,644,988**

	Exposure to foreign currencies (expressed in HKD)	
	RMB	HKD
	$	$
At 31 March 2018		
Trade and other receivables	99,050	–
Cash and cash equivalents	484,983	1,409,464
Amount due from a subsidiary	1,533,661	–
Trade and other payables and contract liabilities	(307,625)	–
Net exposure arising from recognised assets and liabilities	1,810,069	1,409,464

(Expressed in Hong Kong dollars unless otherwise indicated)

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Foreign currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

	31 March 2019		31 March 2018	
	Increase/ (decrease) in foreign exchange rates	**(Decrease)/ increase in loss after tax $**	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in loss after tax $
RMB	**5%**	**(41,406)**	5%	(75,570)
	(5)%	**41,406**	(5)%	75,570
HKD	**5%**	**(110,428)**	5%	(52,855)
	(5)%	**110,428**	(5)%	52,855

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and retained profits measured in the respective functional currency, translated into HKD at the exchange rate ruling at the end of each reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of each reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for the year ended 31 March 2019 and 2018.

(d) Fair values measurement

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 March 2019 and 2018.

(Expressed in Hong Kong dollars unless otherwise indicated)

23 COMMITMENTS

Operating lease commitments

At 31 March 2019 and 2018, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	31 March 2019 $	31 March 2018 $
Within 1 year	**2,206,448**	2,067,349
After 1 year but within 5 years	**3,792,680**	1,141,362
	5,999,128	3,208,711

The Group is the lessee in respect of a number of premises held under operating leases. These leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rental.

24 MATERIAL RELATED PARTY TRANSACTIONS

All members of key management personnel are the directors of the Group and their remuneration is disclosed in Note 8.

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions:

During the years ended 31 March 2019 and 2018, Mr. Liu Yong, the ultimate controlling shareholder, provided an indemnity against all claims, actions, demands, proceedings, judgements, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of the Group due to the incident that did not contribute in full to the social insurance funds and housing provident funds for its employees in the PRC based on the actual wages of these employees.

(Expressed in Hong Kong dollars unless otherwise indicated)

25 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	31 March 2019 $	31 March 2018 $
Non-current asset			
Investment in a subsidiary		16,375,610	16,375,610
Current assets			
Other receivables		1,483,138	–
Amount due from a subsidiary		15,000,000	–
Cash and cash equivalent		32,798,288	–
		49,281,426	–
Current liabilities			
Trade and other payables		1,147,194	51,870
Amount due to a fellow subsidiary		–	21,301
		1,147,194	73,171
Net current assets/(liabilities)		48,134,232	(73,171)
NET ASSETS		64,509,842	16,302,439
CAPITAL AND RESERVES	21		
Share capital		4,781,840	5,698
Reserves		59,728,002	16,296,741
TOTAL EQUITY		64,509,842	16,302,439

(Expressed in Hong Kong dollars unless otherwise indicated)

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, *Leases*	1 January 2019
HK(IFRIC) 23, *Uncertainty over income tax treatments*	1 January 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ending 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

HKFRS 16, Leases

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 April 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019 and will not restate the comparative information. As disclosed in Note 23, at 31 March 2019 the Group's future minimum lease payments under non-cancellable operating leases amount to $5,999,128 for properties and other assets respectively, a portion which is payable within 5 years after the reporting date. Upon the initial adoption of HKFRS 16, there will be increase in the opening balances of lease liabilities and the corresponding right-of-use assets as at 1 April 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statement from 2020 onwards.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and equity of the Group for the last four financial years, as extracted from this annual report and the Prospectus of the Company dated 17 September 2018, is set out below.

RESULTS

	For the year ended 31 March			
	2019	2018	2017	2016
	HK$	HK$	HK$	HK$
Revenue	**46,311,429**	43,209,034	40,397,644	33,277,410
(Loss) profit before taxation	**(16,892,454)**	643,186	(75,402)	4,499,977
Income tax expense	**805,286**	1,712,534	2,552,850	1,072,465
(Loss)/profit for the year	**(17,697,740)**	(1,069,348)	(2,628,252)	3,427,512
Other comprehensive income, net of nil tax	**(72,614)**	385,519	388,775	243,924
Total comprehensive income for the year	**(17,770,354)**	(683,829)	(2,239,477)	3,671,436

ASSETS AND LIABILITIES

	As at 31 March			
	2019	2018	2017	2016
	HK$	HK$	HK$	HK$
Total assets	**66,920,949**	35,938,685	32,930,442	17,747,299
Total liabilities	**18,985,091**	21,862,094	19,211,600	13,463,582
Total equity	**47,935,258**	14,076,591	13,718,842	4,283,717

Notes to the four-year financial summary:

1. No financial statement of the Group for the year ended 31 March 2015 has been published. Therefore, only the financial summary for the last four financial years is presented.

2. The financial information for the years ended 31 March 2016, 2017 and 2018 were extracted from the Prospectus of the Company dated 17 September 2018. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in note 2(b) to the consolidated financial statements.

3. The Group has been impacted by HKPRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition and presentation of contract liabilities. Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFR 9 and HKFRS 15 as an adjustment to the opening balances at 1 April 2018. Prior to 1 April 2018, figures were stated in accordance with the accounting polices applicable in those years.