



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

8017.HK



# 2019

## ANNUAL REPORT

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## 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 Reporting Period amounted to HK\$51,752,730 (for the year ended 31 March 2019: HK\$46,311,429), representing an increase of approximately 11.7% as compared with the Corresponding Period.
- Profit for the Reporting Period amounted to HK\$13,025,105 (for the Corresponding Period: loss of HK\$17,697,740).
- Profit (after adjustment of listing expenses) for the Reporting Period amounted to HK\$13,025,105 (for the Corresponding Period: loss of HK\$3,500,419).
- Research and development expenses amounted to HK\$4,344,707 for the Reporting Period (for the Corresponding Period: HK\$9,322,658), representing a decrease of HK\$4,977,951 or approximately 53.4% as compared with that of the Corresponding Period.
- Basic earnings per share amounted to HK cents 2.74 for the Reporting Period, as compared to the basic losses per share of HK cents 4.06 for the Corresponding Period.
- The number of registered users of the Group's open securities trading platform software "TradeGo Pro" increased by approximately 32,000 or 28.6% to approximately 144,000 as at 31 March 2020 (approximately 112,000 as at 31 March 2019).
- 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

SHINEWING (HK) CPA Limited

## STOCK CODE

8017

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

PO Box 1350

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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

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Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

PO Box 1350

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Grand Cayman KY1-1108

Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited

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183 Queen's Road East

Hong Kong

## COMPLIANCE ADVISER

Innovax Capital Limited

Room 2002, 20th Floor

Chinachem Century Tower

178 Gloucester Road

Wanchai

Hong Kong

## LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAWS

Adrian Yeung & Cheng Solicitors

## PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

Bank of China Tower

1 Garden Road

Hong Kong

## COMPANY'S WEBSITE

[www.tradego8.com](http://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.

During the Reporting Period, the overall trend of Group is positive even though the global trade friction has not been completely eliminated and the financial market was impacted by many uncertainties such as the outbreak of COVID-19 pneumonia, which caused significant fluctuation in the Hong Kong stock market. It was mainly because most of the Group's business relied on cloud infrastructure to provide services to customers. As of 31 March 2020, the Group recorded a total revenue of approximately HK\$51.75 million, an increase of 11.7% or HK\$4.63 million from the Corresponding Period, of which cloud hosting service revenue contributed around HK\$4.16 million.

Most of our institutional clients are exchange participants. There were 652 exchange participants in the Stock Exchange in total (Note 1) as of 31 March 2020, of which 86 participants are clients of the Group. Our services to institutional clients are primarily delivered through the securities trading platform software, TradeGo, developed by us. During the Reporting Period, the Group continued to increase investment in research and development ("**R&D**") to vigorously expand its front office trading system services and entered into new service contracts with 14 Hong Kong brokerage firms.

The Group also provided services to individual clients through our powerful all-in-one platform, TradeGo Pro, which was also developed by us. As of 31 March 2020, the number of registered users was approximately 292,000 (approximately 221,000 as of 31 March 2019), an increase of 32%. The number of registered users has exceeded 300,000 as of 31 May 2020.

With the implementation of new acceptable account opening approaches of the Hong Kong Securities and Futures Commission ("**SFC**"), more and more brokerage firms have chosen to use online account opening to expand their business. During the Reporting Period, a total of 27 Hong Kong brokerage firms used our online account opening system.

After the launch of the custom-made "Employee Equity Interest Incentive Management System", the Group received positive market response. The system can provide services for brokerage firms and their customers. It can increase the chance for brokerage firms to obtain business with listed companies. During the Reporting Period, we signed a new contract with a large comprehensive financial institution listed in Hong Kong to jointly expand the market.

Hong Kong Exchanges and Clearing Limited ("**HKEx**") implemented a number of Listing Rule amendments that have further strengthened the long-term health, quality and sustainability of the Hong Kong markets. This year, again, HKEx has been the world's No.1 initial public offering ("**IPO**") venue. That was the seven times in the last 11 years. This success in attracting HKEx global issuers and investors is testament to the opportunities available in world's most dynamic and vibrant capital market. With the new feature incorporating the IPO information ("**AiPO**") into TradeGo Pro, the free trading platform of the Group provides market data to investors participating in the IPO. We are very proud that AiPO is highly recognized by the market. It helps to attract more and more users to register TradeGo Pro. As more and more IPO participants use TradeGo Pro, the revenue of TradeGo Pro was about HK\$2.46 million as of 31 March 2020, an increase of 105% (approximately HK\$1.2 million as of 31 March 2019).

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 2020

Note 1: [https://www.hkex.com.hk/-/media/HKEX-Market/Market-Data/Statistics/Consolidated-Reports/HKEX-Securities-and-Derivatives-Markets-Quarterly-Report/1st-Quarter-2020/Full\\_e.pdf?la=en](https://www.hkex.com.hk/-/media/HKEX-Market/Market-Data/Statistics/Consolidated-Reports/HKEX-Securities-and-Derivatives-Markets-Quarterly-Report/1st-Quarter-2020/Full_e.pdf?la=en)

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the Reporting Period, our main services through TradeGo which can be classified into five categories, namely (1) front office trading system services; (2) market data services; and (3) hosting and cloud infrastructure services; (4) online account opening appointment services and (5) value-added services, such as ESOP services, were the major sources of income of the Group. The revenue of the Group increased by HK\$5,441,301 or 11.7% to HK\$51,752,730 (for the Corresponding Period: HK\$46,311,429). 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 32,000 or 28.6% to approximately 144,000 (number of registered users as at 31 March 2019: approximately 112,000).

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. The circular of the Securities and Futures Commission issued on 28 June 2019 informed intermediaries that some non-face-to-face account opening approaches via internet will be acceptable from 5 July 2019. From then on, more and more brokerage firms have changed their face-to-face account opening to use online non-face-to-face account opening for expanding customer base. The Group has developed an online account opening system to help our clients to process these account opening applications efficiently. During the Reporting Period, the revenue of online account services increased by approximately HK\$1,188,000 or 91.1% to approximately HK\$2,492,000 (for the Corresponding Period: HK\$1,304,000), with that a total of 27 brokerage firms were using our online account opening system.

During the Reporting Period, the Group's open securities trading platform software, TradeGo Pro, has launched new version from time to time, which mainly provides market data to all kinds of investors. TradeGo Pro provides comprehensive initial public offering ("**IPO**") information to investors participating in new share subscriptions through IPO. We have announced the number of registered users of TradeGo Pro since August 2019. As at 30 April 2020, the number of registered users of TradeGo Pro has exceeded 150,000. The new feature incorporating the IPO information into TradeGo Pro ("**AiIPO**") has become an important tool for investors to access Hong Kong IPO market data. Not only individual investors but also many professional market practitioners (such as sponsors and underwriters of IPO project) like to use this product. In order to let more Hong Kong investors to know our services, the Group launched an outdoor advertising about AiIPO in Hong Kong's financial heart – Central – in May 2020. During the Reporting Period, the revenue of TradeGo Pro was approximately HK\$2,460,000, representing an increase of 105% over the Corresponding Period (approximately HK\$1,200,000 for the Corresponding Period).

## OUTLOOK AND PROSPECTS

Given the market's keen interest in innovative trading solutions for stocks and futures, 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 institutional clients with an enhanced system to seize opportunities for business expansion and create higher returns.

The Group has built cross-border cloud infrastructure since 2018, and has helped some visionary institutional clients transfer their service systems to the cloud. In recent years, we have continuously increased investment in cloud facilities. Due to the outbreak of the novel coronavirus disease ("**COVID-19**"), more and more institutional clients realize the necessity of transferring the service system to the cloud. The company expects that more institutional clients will transfer their face-to-face services to Internet – facing services.

## Management Discussion and Analysis

Our global futures trading platform system (the “**AiBS Trader**”) has gained the trust of clients, with which two futures contracts dealers selected AiBS Trader as their trading service system. During the Reporting Period, more than 230,000 futures contracts in aggregate have been traded through AiBS Trader. AiBS Trader is an innovative global futures trading system, with APP/PC/MAC series trading front end. AiBS Trader covers mainstream futures exchanges, and supports option market trading. Docking in our partner’s feature-rich client transaction risk control system, multi-market clearing system, we can provide futures contracts dealers a solution with integration of front, middle and back office. As at 31 March 2020, four potential clients are considering to choose our solution. The management believes that more and more futures contracts dealers will use our trading platform system in the coming year.

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

The proceeds raised from the listing of shares of the Company (the “**Shares**”) on GEM (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 of the Company dated 17 September 2018 (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 2020 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 2020
Develop innovative product offerings and enhance research and development capabilities	<ul style="list-style-type: none"> <li>• New products               <ul style="list-style-type: none"> <li>➢ launch China-Hong Kong Stock Connect Data Analyst;</li> <li>➢ launch Trading Counter Product;</li> <li>➢ launch the over-the-counter transaction platform for transaction during non-trading hours;</li> </ul> </li> <li>• Existing products               <ul style="list-style-type: none"> <li>➢ complete the integration of over 80 brokerage firms onto the iOS/Android version of TradeGo Pro;</li> <li>➢ replace with new version of web browser securities trading platform software for the existing end users of brokerage firms and deploy the same to new end users of brokerage firms;</li> <li>➢ recruit R&amp;D staff to enhance our R&amp;D capabilities.</li> </ul> </li> </ul>	<p>For new products, we had launched China-Hong Kong Stock Connect Data Analyst and Trading Counter Product during the Reporting Period. 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 over-the-counter transaction platform for transaction during non-trading hours, but we could not launch it because the potential customer is applying the licence to launch it.</p> <p>For existing products, we have completed the integration of 53 brokerage firms onto the TradeGo Pro; replaced with new version of web browser securities trading platform software for the existing end users of 22 brokerage firms and deploy the same to new end users of 12 brokerage firms; recruited 28 R&amp;D staffs to enhance our R&amp;D capabilities.</p>

## Management Discussion and Analysis

Future plans as stated in the Prospectus	Implementation plans as stated in the Prospectus	Actual business progress up to 31 March 2020
Apply for additional market data vendor licences and conduct further marketing activities	<ul style="list-style-type: none"> <li>• promote China-Hong Kong Stock Connect Data Analyst via advertisements and propaganda campaigns;</li> <li>• promote Trading Counter Product via advertisements and propaganda campaign;</li> <li>• promote various types of market data feeds;</li> <li>• obtain relevant data licence for markets out of Hong Kong.</li> <li>• promote services to private equity funds, other institutions and high-net-value individual customers;</li> </ul>	<p>We have promoted the China-Hong Kong Stock Connect Data Analyst via face to face presentations and advertising campaigns to more than 59 institutional customers. We have promoted Trading Counter Product, the CMS Plus trading system, to more than 59 brokerage firms. We have held online and offline activities to promote various types of market data feeds via advertisements and propaganda campaign, provided discount to new users. We have increased the number of registered users of TradeGo Pro to approximately 144,000. We have promoted our data services to private equity funds, other institutions and highest-value individual customers through the advertisement on the tram shelter in Central, the heart of finance in HK island, on May 2020. We have obtained new data licence of USA with our supplier. We are still seeking for more data licence for markets out of Hong Kong.</p>
Expand our hardware infrastructure capacities and software portfolio	<ul style="list-style-type: none"> <li>• purchase computers and test mobile phones to enhance R&amp;D ability and improve quality control;</li> <li>• purchase and upgrade software for R&amp;D and office use.</li> <li>• enhance the conversion efficiency and transition stability from physical serves to virtual servers.</li> </ul>	<p>We have purchased 4 computers to enhance R&amp;D ability and improve quality control. We have purchased test mobile phones such as Huawei HONOR V20, and iPhone 6S to improve the compatibility of our softwares with different devices. We have purchased and upgraded softwares for R&amp;D and office use. We have enhanced the conversion efficiency and transition stability from physical servers to virtual servers.</p>
Recruit non-R&D staff and conduct staff trainings	<ul style="list-style-type: none"> <li>• recruit staff for operation, sales, customer service and management purpose;</li> <li>• carry out professional and business skills trainings for all staff as well as exclusive trainings for product managers and backbone staff on yearly basis;</li> <li>• salary for newly recruited staff.</li> </ul>	<p>We have conducted professional and business skills trainings for all staff as well as exclusive trainings for product managers and backbone staff 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.</p>

## Management Discussion and Analysis

Future plans as stated in the Prospectus	Implementation plans as stated in the Prospectus	Actual business progress up to 31 March 2020
<p>Establish a R&amp;D centre in the People's Republic of China (the "PRC")</p>	<ul style="list-style-type: none"> <li>purchase a newly-developed office premises of approximately 700-square-metre in Shenzhen for the establishment of a R&amp;D centre, which is expected to be ready for occupation in one to two years after the purchase.</li> </ul> <p>The R&amp;D centre will be located in the High-tech Park of Nanshan District, Shenzhen, the PRC</p> <p>This area has been developing rapidly since its establishment in 1996 and has become the base for the software, information technology, electronics, biological technology, pharmaceuticals and other high-tech industries. It also serves as the headquarters of a number of China's largest high-tech companies and has attracted investment from many large multinational enterprises in the information technology sector. As at the Latest Practicable Date, no specific property has been identified for such purpose.</p> <p>With the establishment of the R&amp;D centre in Shenzhen, we will be able to (i) secure permanent working premises to mitigate the risks associated with leased properties, such as the expected increasing leasing fees in this area and early termination or non-renewal of the tenancy by the landlord; (ii) eliminate the costs, time and efforts associated with the frequent relocation and renovation of our office premises; (iii) equip our R&amp;D centre with industry standard facilities, such as servers, network equipment, testers and security controls to facilitate our R&amp;D activities and to improve the standard and quality of our services and products; (iv) provide better working environment so as to enhance the working efficiency and cultivate sense of belonging of our employees; and (v) enhance our Company's ability to secure bank borrowings which generally require immovable assets, such as property, as collaterals.</p>	<p>The outbreak of COVID-19 imposed uncertainty and challenges in the Mainland China's market, and the Company will act cautiously for its business expansion. In respect of the establishment of a R&amp;D centre in the PRC, the Management has been proactively looking for suitable alternative locations and yet the real estate prices in areas of Shenzhen suitable for purchasing R&amp;D centres have been much higher than the original plan of the Group. As a result, the Group temporarily suspended its plan to purchase a R&amp;D centre.</p>

## Management Discussion and Analysis

Future plans as stated in the Prospectus	Implementation plans as stated in the Prospectus	Actual business progress up to 31 March 2020
	<p>We lease our current office premises in Shenzhen under three leases with gross floor area of 800, 500 and 177 square metres, respectively, each for a four-year term ending 2021. It is possible that the landlord may renew the leasing agreement after the current leasing term at higher price or may not renew the leasing agreements with us at all. In that case, we will need to relocate to new office premises. In January 2018, we relocated the office of our PRC subsidiaries to the current location and we incurred a total of HK\$0.3 million relocation costs and expenses, which include primarily the costs for renovation of new office premises and installation of new R&amp;D facilities. Such renovation and installation took six weeks to complete. As such, if we need to relocate frequently due to the failure to renew leasing agreements, we would incur or spend substantial costs and time, which may adversely affect our financial performance and may disrupt our operations.</p> <p>Therefore, we plan to purchase a new office premises with gross floor area of approximately 700 square metres to replace our current leased office premises of 500 square metres to mitigate such risks to certain extent and we will continue to renew the lease for the other two office premises or we will lease other office premises with similar gross floor area with the other two office premises.</p>	
Establish a marketing centre in Hong Kong	<ul style="list-style-type: none"> <li>• payment for R&amp;D centre property management fee.</li> <li>• recruit staff for managing and operating the Hong Kong sales and customer service centre;</li> <li>• lease an office in Central district of Hong Kong for the establishment of a Hong Kong sales and customer service centre;</li> <li>• salary for newly recruited staff.</li> </ul>	In respect of the establishment of a marketing centre in Hong Kong, the Group temporarily suspended the plan since the outbreak of COVID-19 and demonstration in Hong Kong imposed difficulty in face-to-face marketing and promotion.

## Management Discussion and Analysis

### FINANCIAL REVIEW

#### Revenue and direct costs

Revenue of the Group for the Reporting Period was HK\$51,752,730 (for the Corresponding Period: HK\$46,311,429), representing an increase of HK\$5,441,301 or 11.7% 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 value-added services. Direct costs of the Group for the Reporting Period were HK\$14,982,032 (for the Corresponding Period: HK\$11,284,212), representing an increase of HK\$3,697,820 or 32.8% as compared with that of the Corresponding Period. Such increase in direct costs of the Group during the Reporting Period was primarily attributed to the purchase of a technical service provided by a third party for optimizing the back-end management software system, to enhance the stability of TradeGo Pro and improve the user experience of AiPO, iBroker, AiPO Book.

#### Other gains, net

The Group's other income for the Reporting Period amounted to HK\$3,276,102 (for the Corresponding Period: HK\$435,391) representing an increase of HK\$2,840,711 or 652.5% 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\$349,030, 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\$1,985,996 (for the Corresponding Period: HK\$409,058) from the Shenzhen government, which included the subsidies received from the Nanshan District Government and the Shenzhen Municipal Government in the People's Republic of China.

#### Staff costs

The Group's staff costs for the Reporting Period amounted to HK\$13,629,050 (for the Corresponding Period: HK\$24,446,997) represented a decrease of HK\$10,817,947 or 44.3% as compared with that of the Corresponding Period. The decrease was due to the increase in capitalization of staff costs for R&D projects.

#### Depreciation and amortisation

The Group's depreciation and amortisation for the Reporting Period amounted to HK\$5,569,363 (for the Corresponding Period: HK\$3,392,675) represented an increase of HK\$2,176,688 or 64.2% as compared with that of the Corresponding Period. The increase was mainly due to the increase in amortisation of internally developed software system.

#### Selling, general and administrative expenses

The Group's selling, general and administrative expenses for the Reporting Period amounted to HK\$7,417,372 (for the Corresponding Period: HK\$9,665,220) represented a decrease of HK\$2,247,848 or 23.3% as compared with that of the Corresponding Period. The decrease was mainly due to the decrease of audit expense and rental expense which is booked as the amortization of right-of-use of assets according to the new accounting policy.

#### Finance costs

The Group's finance costs for the Reporting Period amounted to HK\$203,078 (for the Corresponding Period: HK\$101,918).

## Management Discussion and Analysis

### Profit/(Loss) before taxation

The Group's profit before taxation for the Reporting Period amounted to HK\$13,253,371 (for the Corresponding Period: loss before taxation of HK\$16,892,454). The Group incurred profit before taxation primarily as a result of the increase of the revenue and the decrease in staff cost and listing expenses.

### Income tax expense

The Group's income tax expense for the Reporting Period amounted to HK\$228,266 (for the Corresponding Period: HK\$805,286) represented a decrease of HK\$577,020 or 71.7% as compared with that of the Corresponding Period, which consists of current tax of HK\$574,618 (for the Corresponding Period: HK\$235,010) and deferred tax of HK\$(346,352) (for the Corresponding Period: HK\$570,276). The decrease of income tax expense was mainly due to the decrease of profit of the subsidiary in Hong Kong.

### Profit/(Loss) for the Reporting Period

During the Reporting Period, the Group recorded a profit of HK\$13,025,105 (for the Corresponding Period: loss of HK\$17,697,740). Such change in the Group's financial performance was primarily attributable to the increase of the revenue and the decrease in staff cost and listing expenses.

### Earnings per Share

Earnings per share was HK cents 2.74 for the Reporting Period as compared to loss per share of HK cents 4.06 for the Corresponding Period.

### Cash and cash equivalents

Cash and cash equivalents was HK\$45,798,364 as at 31 March 2020 (as at 31 March 2019: HK\$48,918,156), representing a decrease of HK\$3,119,792 or 6.4% as compared with that of the Corresponding Period.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2020, the Group held cash at banks, financial institutions and cash on hand of HK\$43,979,491 (as at 31 March 2019: HK\$48,657,816), HK\$1,744,886 (as at 31 March 2019: Nil) and HK\$73,987 (as at 31 March 2019: HK\$260,340), respectively. Net current assets amounted to HK\$41,913,097 (as at 31 March 2019: HK\$38,730,100). 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 2020, 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 2019: 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

There has been no change in the capital structure of the Company since the Listing Date. The share capital of the Company only comprises ordinary Shares.

As at 31 March 2020, 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.

## Management Discussion and Analysis

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group had 111 full-time employees (as at 31 March 2019: 113) 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 2020, total employee benefits expense (including Directors' emoluments) was HK\$13,629,050 (for the year ended 31 March 2019: HK\$24,446,997).

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 2020, the Group did not have any significant contingent liabilities (as at 31 March 2019: nil).

### CAPITAL COMMITMENT

As at 31 March 2020, the Group did not have any significant capital commitment (as at 31 March 2019: nil).

### CHARGES ON ASSETS

As at 31 March 2020, the Group did not have any material charges on assets (as at 31 March 2019: 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 2020, 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 foreseeable 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 2020. 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.

## Management Discussion and Analysis

**DIVIDENDS**

The Board does not recommend the payment of a final dividend for the Reporting Period (for the Corresponding Period: nil).

**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). 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 2020 HK\$ million	Unutilized amount up to 31 March 2020 HK\$ million
Developing innovative product offerings and enhance R&D capabilities	14.7%	6.1	6.1	0
Apply for additional market data vendor licences and conduct further marketing activities	12.9%	5.4	2.7	2.7
Expand the hardware infrastructure capacities and software portfolio	5.7%	2.3	0.9	1.4
Recruit non-R&D staff and conduct staff trainings	7.2%	3.0	2.4	0.6
Establish a R&D centre in the PRC ( <i>Note 1</i> )	37.5%	15.6	0	15.6
Establish a marketing centre in Hong Kong ( <i>Note 2</i> )	17.7%	7.3	0	7.3
General working capital	4.3%	1.8	1.8	0
	100%	41.5	13.9	27.6

*Note 1:*

The outbreak of COVID-19 imposed uncertainty and challenges in the Mainland China's market, and the Company will act cautiously for its business expansion. In respect of the establishment of a R&D centre in the PRC, the Management has been proactively looking for suitable alternative locations and yet the real estate prices in areas of Shenzhen suitable for purchasing R&D centres have been much higher than the original plan of the Group. As a result, the Group temporarily suspended its plan to purchase a R&D centre.

*Note 2:*

In respect of the establishment of a marketing centre in Hong Kong, the Group temporarily suspended the plan since the outbreak of COVID-19 and demonstration in Hong Kong imposed difficulty in face-to-face marketing and promotion. The Directors will continue to assess the business environment and available opportunities in the market.

Under the current situation of global trade friction and the outbreak of COVID-19, the Group will act cautiously for its business expansion. In order to maximise the return for shareholders, the Directors will continue to assess the business environment and explore market opportunities to broaden the source of income of the Group. Subject to the final decision of the Board, the Company will make further announcement and will comply with the disclosure requirement under the GEM Listing Rules, if there is any change or further update on the use of proceeds.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. LIU Yong (劉勇)**, aged 48, 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 Xinfeng Network Technology Company Limited (深圳市新蜂網絡科技有限公司).

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 47, 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.

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 35, 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.

## Biographical Details of Directors and Senior Management

**NON-EXECUTIVE DIRECTOR**

**Mr. LIN Hung Yuan (林宏遠) (formerly known as 林泓遠)**, aged 43, 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 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 39, 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 2014, she has been an independent non-executive director of China Sunshine Paper Holdings Limited (02002.HK). She has been an independent director of China Index Holdings Limited (NASDAQ: CIH) since June 2019 and has been an independent non-executive director of MOG Holdings Limited (01942.HK) since April 2020.

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.

## Biographical Details of Directors and Senior Management

**Mr. MAN Kong Yui (文剛銳)**, aged 60, 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 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. Mr. Man has also been 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, from 25 August 2017 to 1 April 2020.

**Dr. LOKE Yu (also known as LOKE Hoi Lam and Jimmy Hoi Lam LOKE) (陸海林)**, aged 71, 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), 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.

## Biographical Details of Directors and Senior Management

**SENIOR MANAGEMENT**

**Mr. ZHANG Wenhua (張文華)**, aged 41, 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 38, 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 45, 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.

## DIRECTORS' REPORT

The Directors hereby submit their report together with the audited consolidated financial statements for the year ended 31 March 2020.

### 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".

## Directors' Report

**An analysis using financial key performance indicators**

	For the year ended 31 March		
	2020	2019	% of change
Revenue (HK\$)	<b>51,752,730</b>	46,311,429	11.7
Direct cost (HK\$)	<b>14,982,032</b>	11,284,212	32.8
R&D cost (HK\$)	<b>4,344,707</b>	9,322,658	(53.4)
Earnings/(loss) per share (HK cent)	<b>2.74</b>	(4.06)	167.5
Bank balances and cash (HK\$)	<b>44,053,478</b>	48,918,156	(9.9)

*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 14 of this annual 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 Reporting Period, 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.

## Directors' Report

**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.

## Directors' Report

**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 Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 45 of this annual report.

The Board does not recommend the payment of a final dividend for the Reporting Period (For the Corresponding Period: 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 Reporting Period are set out in the consolidated statement of changes in equity and note 24 to the consolidated financial statements in this annual report.

**DISTRIBUTABLE RESERVES**

As at 31 March 2020, the reserves of the Company available for distribution to Shareholders under the Companies Law of Cayman Islands amounted to approximately HK\$41,074,743 (For the Corresponding Period: HK\$47,594,205).

**CONTRACTS OF SIGNIFICANCE**

Save as disclosed in this annual 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 Reporting Period; 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 Reporting Period.

**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 14 to the consolidated financial statements.

## Directors' Report

### SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 24 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 five financial years is set out on page 114 of this annual 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 during the Reporting Period.

### 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.

## Directors' Report

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 2020, 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.

## Directors' Report

**(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.

## Directors' Report

**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 on granting the awarded shares. During the Reporting Period, the trustee of the Share Award Scheme had purchased a total of 25,000,000 shares of the Company from the secondary market at a total consideration of about HK\$14,337,420. Since the Adoption Date and up to 31 March 2020, 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 2020 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

Mr. MAN Kong Yui

Dr. LOKE Yu (also known as LOKE Hoi Lam and Jimmy Hoi Lam LOKE)

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.

## Directors' Report

As such, Mr. LIN Hung Yuan, Ms. JIAO Jie, and Mr. MAN Kong Yui will retire and, being eligible, Ms. JIAO Jie and Mr. MAN Kong Yui will offer themselves for re-election at the forthcoming annual general meeting of the Company (the "AGM") while Mr. LIN Hung Yuan will not offer himself for re-election at the AGM, in order to devote more time for his other personal commitments.

### **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 11 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 section headed "Share Options Scheme" 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 15 to 18 of this annual 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 Reporting Period.

## **DIRECTORS' SERVICE AGREEMENTS**

Each of the executive Directors and the non-executive Director has entered into a service agreement with the Company for an initial term commencing from the Listing Date to the date of the annual general meeting held by the Company in 2019. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term commencing from the Listing Date to the date of annual general meeting held by the Company in 2019. With the re-election of the executive Directors, the non-executive Director and the independent non-executive Directors at the annual general meeting held on 16 August 2019, the service agreements and letters of appointments of the respective Directors have been extended to the date of the AGM to be held by the Company in 2020, which will be continued unless terminated by either party giving at least one month's notice in writing to the other and in accordance with the terms of the respective agreement. Their appointments are subject to the rotation requirements under the Articles of Association.

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' Report

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

Save as disclosed in this annual 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 Reporting Period.

**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 2020.

**CHARITABLE DONATIONS**

During the Reporting Period, the Group did not make any charitable or other donations.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as otherwise disclosed in this annual report, at no time during the Reporting Period 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 2020, 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 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:

## Directors' Report

## 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 <sup>(1)</sup>
Mr. LIU Yong <sup>(2)(3)</sup>	Interest of a controlled corporation	228,303,791	Long position	45.66%
Mr. LIAO Jicheng <sup>(3)</sup>	Interests held jointly with another person	74,039,137	Long position	14.81%
Mr. WAN Yong <sup>(3)(4)</sup>	Interest of a controlled corporation	52,650,053	Long position	25.34%
	Interests held jointly with another person	74,039,137	Long position	
		<u>Total: 126,689,190</u>	Long position	
Mr. LIN Hung Yuan <sup>(5)</sup>	Interest of a controlled corporation	56,150,000	Long position	11.23%

## Notes:

- As at 31 March 2020, the total number of issued Shares was 500,000,000 Shares.
- 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.
- 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 2020, 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.
- 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.
- VMI Mega Growth Fund SPC – VMI Mega Equity Investment Fund SP ("**VMI**") holds a total of 56,150,000 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 2020, 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.

## Directors' Report

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

As at 31 March 2020 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 <sup>(1)</sup>
Mao Jia Holdings Limited (茂嘉控股有限公司) <sup>(2)</sup>	Beneficial owner	154,264,654	Long position	30.85%
Fortune Promise Global Limited (富望環球有限公司) <sup>(2)</sup>	Interest of a controlled corporation	154,264,654	Long position	30.85%
Xin Cheng International Limited (鑫誠國際有限公司) <sup>(3)</sup>	Beneficial owner	72,854,511	Long position	
	Trustee	1,184,626	Long position	
		<u>Total: 74,039,137</u>	Long position	14.81%
Stand Tall International Limited (立高國際有限公司) <sup>(3)</sup>	Interest of a controlled corporation	74,039,137	Long position	14.81%
VMI Mega Growth Fund SPC – VMI Mega Equity Investment Fund SP <sup>(4)</sup>	Beneficial owner	56,150,000	Long position	11.23%
VMI Capital Group Limited <sup>(4)</sup>	Investment manager	56,150,000	Long position	11.23%
Joint Smart Global Limited (合智環球有限公司) <sup>(5)</sup>	Beneficial owner	52,650,053	Long position	10.53%
Mass Victory Ventures Limited (眾勝創投有限公司) <sup>(5)</sup>	Interest of a controlled corporation	52,650,053	Long position	10.53%
Ms. LIU Xiaoming <sup>(6)</sup>	Interest of spouse	228,303,791	Long position	45.66%
Ms. ZHANG Tian <sup>(7)</sup>	Interest of spouse	56,150,000	Long position	11.23%
Ms. CHEN Zhaoxia <sup>(8)</sup>	Interest of spouse	126,689,190	Long position	25.34%
Ms. LU Ximeng <sup>(9)</sup>	Interest of spouse	74,039,137	Long position	14.81%
First Shanghai Securities Limited <sup>(10)</sup>	Trustee	25,000,000	Long position	5.00%

## Directors' Report

### Notes:

- (1). As at 31 March 2020, 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.
- (10). The 25,000,000 Shares are award Shares held by First Shanghai Securities Limited in the capacity as trustee of a share award scheme adopted by the Company on 19 December 2018.

Save as disclosed above, as at 31 March 2020, 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 Reporting Period, the largest customer of the Group accounted for approximately 8.3% (For the Corresponding Period: approximately 4.8%) of the total revenue of the Group while the five largest customers of the Group in aggregate accounted for approximately 23.7% (For Corresponding Period: approximately 18.6%) of the total revenue of the Group. The Group's largest supplier contributed approximately 40.5% (For the Corresponding Period: approximately 58%) of the total purchase for the Reporting Period while the Group's five largest suppliers accounted for approximately 84.6% (For the Corresponding Period: approximately 80%) of the total purchase for the Reporting Period.

At no time during the Reporting Period 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 Reporting Period.

### 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 10 and note 11 in the Notes to the consolidated financial statements in this annual report. There was no arrangement under which a Director has waived or agreed to waive any emoluments for the Reporting Period.

## Directors' Report

### 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 2020, the Group has 111 full-time employees (For the Corresponding Period: 113) 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 10 in the Notes to the consolidated financial statements in this annual 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 Date 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 in this annual report.

### CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 34 to 44 of this annual report.

### COMPETING BUSINESS

During the period from the Listing Date to 31 March 2020, 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".

## Directors' Report

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 evaluated the effectiveness of the implementation of the Deed of Non-Competition, and were satisfied that each of the Controlling Shareholders had complied with the Deed of Non-competition during the Reporting Period.

As at the date of this report, the Company is not aware of any other matters regarding the compliance of the undertakings in the Deed of Non-Competition and there has not been any changes in terms of the Deed of Non-Competition since the Listing of the Company.

### INTEREST OF THE COMPLIANCE ADVISER

The Company appointed Essence Corporate Finance (Hong Kong) Limited as the Group's compliance adviser from the Listing Date in accordance with Rule 6A.19 of the GEM Listing Rule. The appointment of Essence Finance (Hong Kong) Limited has been terminated on 31 December 2019. Upon the termination of appointment with Essence Finance (Hong Kong) Limited, the Group appointed Innovax Capital Limited as the Group's compliance adviser (the “**Compliance Adviser**”) with effect from 1 January 2020. For details, please refer to the announcement of the Company dated 27 December 2019 on the change of compliance adviser. As at 31 March 2020, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 27 December 2019, 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 Reporting Period 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 2020 and up to the date of this report.

### CHANGE IN AUDITORS IN PRECEDING 3 YEARS

The consolidated financial statements for the year ended 31 March 2020 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offers itself for re-appointment as an auditor of the Company. A resolution for re-appointment of SHINEWING (HK) CPA Limited as auditor of the Company will be proposed at the forthcoming AGM of the Company.

KPMG has resigned as auditor of the Company with effect from 6 March 2020 and SHINEWING (HK) CPA Limited has been appointed as the new auditor of the Company with effect from 6 March 2020 to fill the casual vacancy following the resignation of KPMG.

### REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the Reporting Period 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 2020

# 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 Reporting Period, 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, except 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 Reporting Period.

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 and chief executive officer), 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](http://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 annual 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. During the Reporting Period 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.

## Corporate Governance Report

**BOARD MEETINGS**

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

During the Reporting Period, four Board meetings were held for approving the unaudited consolidated results of the Group for the three months ended 30 June 2019, for the six months ended 30 September 2019 and for the nine months ended 31 December 2019. 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 2020, the Board meeting has approved, among other matters, the audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2020.

The attendance record of the Directors at the Board and committee meetings held during the Reporting Period is set out below:

Name of Directors	Board	Number of meetings attended/held			AGM
		Audit Committee	Nomination Committee	Remuneration Committee	
<b>Executive Directors</b>					
Mr. LIU Yong	4/4	N/A	1/1	1/1	1/1
Mr. WAN Yong	4/4	N/A	N/A	N/A	1/1
Mr. LIAO Jicheng	4/4	N/A	N/A	N/A	1/1
<b>Non-executive Director</b>					
Mr. LIN Hung Yuan	4/4	N/A	N/A	N/A	1/1
<b>Independent Non-executive Directors</b>					
Ms. JIAO Jie	4/4	5/5	1/1	1/1	1/1
Mr. MAN Kong Yui	4/4	5/5	1/1	1/1	1/1
Dr. LOKE Yu	4/4	5/5	N/A	N/A	1/1

During the Reporting Period, the Company has arranged a meeting for chairman of the Board and the independent non-executive Directors without the presence of other Directors.

**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

Pursuant to Code Provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the Reporting Period, each of the Directors (namely Mr. LIU Yong, Mr. WAN Yong, Mr. LIAO Jicheng, Mr. LIN Hung Yuan, Ms. JIAO Jie, Mr. MAN Kong Yui and Dr. LOKE Yu) had participated in continuous professional development by attending training courses provided by professional bodies, or had been given relevant guideline materials to ensure that they are apprised of the latest changes in the commercial, legal and regulatory requirements in relation to the Company's businesses, and to refresh their knowledge and skills on the roles, functions and duties of a listed company director.

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 officer 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 Provision 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 Provision 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 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.

## Corporate Governance Report

### 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 71 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 Reporting Period, five meetings of the Audit Committee were held to discuss the change of external auditor and recommend a new auditor to the Board; to review the unaudited results of the Group for the twelve months ended 31 March 2019, for the three months ended 30 June 2019, for the six-month period ended 30 September 2019 and for the nine months ended 31 December 2019 with recommendations to the Board for approval. All members of the Audit Committee attended the five meetings.

## Corporate Governance Report

Subsequent to the Reporting Period and up to the date of this report, the Audit Committee has held 2 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 Reporting Period;
- (2) to review the impact on the annual audit of the Company for the change of external auditor and recommend a new auditor to the Board;
- (3) to review and approve the audit fees for the Reporting Period;
- (4) to review with the external auditor the audited consolidated financial statements for the Reporting Period, with a recommendation to the Board for approval;
- (5) to review the external auditor's independence, its report and the management letter for the Reporting Period, and recommend to the Board on the re-appointment of SHINEWING (HK) CPA Limited as the external auditor of the Company at the forthcoming AGM of the Company; and
- (6) 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 Reporting Period, four Remuneration Committee meeting was held. On 18 June 2020, 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 Reporting Period is set out below:

Remuneration band (HK\$)	Number of individuals
Below 1,000,000	<u>3</u>

Details of the emoluments of the Directors for the Reporting Period are set out in note 10 to the consolidated financial statements of this annual report.

## Corporate Governance Report

### **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 Reporting Period, one Nomination Committee meeting was held. On 18 June 2020, 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 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 Report

**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 Reporting Period, 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 Reporting Period, 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, SHINEWING (HK) CPA Limited, 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 Reporting Period is presented as follows:

Services rendered	Fees paid/ payable HK\$
Audit services	
2020 annual audit	600,000
Non-audit services – as reporting accountant for the Company's Listing	
Review of interim financial information	54,894

## **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 has engaged an external consultant to conduct an internal control review on the internal control system of the Group 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. 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.

## Corporate Governance Report

**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 Chartered Governance Institute (formerly known as 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 Reporting Period, 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 the section headed “Biographical Details of Directors and Senior Management” on page 13 of this annual 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 54, 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.

## Corporate Governance Report

### 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.

## Corporate Governance Report

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**

During the Reporting Period, 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



SHINEWING (HK) CPA Limited  
43/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

## 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 (collectively referred to as the “**Group**”) set out on pages 50 to 113, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 2020, 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 (the “**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 Auditors’ 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**”) and we have fulfilled our other ethical responsibilities in accordance with 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 judgment, 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 15 to the consolidated financial statements and the accounting policies on page 62.*

**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 2020, the carrying amount of capitalised development costs was HK\$12,790,517.

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.

We obtained 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.

We evaluated 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.

We examined 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 on a sample basis.

We compared a sample of items capitalised during the year with relevant underlying documentation, including timesheet data.

We evaluated 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.

## Independent Auditor's Report

### **OTHER MATTER**

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion in those statements on 18 June 2019.

### **OTHER INFORMATION**

The directors of the Company are responsible for the other information. The other information comprises all of 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 DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company 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 of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## Independent Auditor's Report

**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, solely to you, as a body, in accordance with our agreed terms of engagement, 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 HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional skepticism 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 of the Company.
- Conclude on the appropriateness of the Company's 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.

## Independent Auditor's Report

**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 to 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 Mr. Chan Wing Kit.

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Chan Wing Kit**

Practising Certificate Number: P03224

Hong Kong  
18 June 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 HK\$	2019 HK\$
<b>Revenue</b>	5	<b>51,752,730</b>	46,311,429
Direct costs		<b>(14,982,032)</b>	(11,284,212)
Other gains, net	6	<b>3,276,102</b>	435,391
Staff costs		<b>(13,629,050)</b>	(24,446,997)
Listing expenses		<b>–</b>	(14,197,321)
Depreciation and amortisation		<b>(5,569,363)</b>	(3,392,675)
Selling, general and administrative expenses		<b>(7,417,372)</b>	(9,665,220)
Reversal of impairment losses (impairment losses) of financial assets	9	<b>25,434</b>	(550,931)
Finance costs	7	<b>(203,078)</b>	(101,918)
<b>Profit (loss) before taxation</b>		<b>13,253,371</b>	(16,892,454)
Income tax expense	8	<b>(228,266)</b>	(805,286)
<b>Profit (loss) for the year</b>	9	<b>13,025,105</b>	(17,697,740)
<b>Other comprehensive expenses</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<b>(1,421,747)</b>	(72,614)
<b>Total comprehensive income (expense) for the year</b>		<b>11,603,358</b>	(17,770,354)
<b>Earnings (loss) per share (HK cents)</b>			
Basic and diluted	13	<b>2.74</b>	(4.06)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	<i>Notes</i>	<b>2020 HK\$</b>	2019 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	14	<b>884,565</b>	1,496,593
Intangible assets	15	<b>12,790,517</b>	7,572,654
Right-of-use assets	16	<b>3,666,874</b>	–
Deferred tax assets	8	<b>472,174</b>	135,911
		<b>17,814,130</b>	9,205,158
<b>Current assets</b>			
Trade and other receivables	17	<b>5,095,116</b>	6,017,991
Amount due from a director	18	–	116,850
Amount due from a fellow subsidiary	19	<b>139,265</b>	371,853
Financial assets at fair value through profit or loss	20	<b>9,998,323</b>	–
Income tax recoverable		<b>1,447,270</b>	2,290,941
Cash and cash equivalents	21	<b>45,798,364</b>	48,918,156
		<b>62,478,338</b>	57,715,791
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	22	<b>16,954,667</b>	17,552,129
Lease liabilities	16	<b>2,105,445</b>	–
Tax payable		<b>1,505,129</b>	1,433,562
		<b>20,565,241</b>	18,985,691
<b>Net current assets</b>		<b>41,913,097</b>	38,730,100
<b>Total assets less current liabilities</b>		<b>59,727,227</b>	47,935,258
<b>Non-current liability</b>			
Lease liabilities	16	<b>1,733,055</b>	–
<b>Net assets</b>		<b>57,994,172</b>	47,935,258

## Consolidated Statement of Financial Position

At 31 March 2020

	<i>Notes</i>	<b>2020</b> <b>HK\$</b>	2019 HK\$
<b>Capital and reserves</b>			
Share capital	24	<b>4,750,000</b>	4,781,840
Reserves		<b>53,244,172</b>	43,153,418
<b>Total equity</b>		<b>57,994,172</b>	47,935,258

The consolidated financial statements on pages 50 to 113 were approved and authorised for issue by the board of directors on 18 June 2020 and are signed on its behalf by:

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**Liu Yong**  
*Director*

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**Liao Jicheng**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to owners of the Company								
	Share capital HK\$	Share premium HK\$	SAS reserve HK\$	Employee share-based compensation reserve HK\$	Translation reserve HK\$	Merger reserve HK\$	Other reserve HK\$	Accumulated losses HK\$	Total HK\$
<b>At 1 April 2018</b>	5,698	-	-	11,167,435	2,002,200	1,147,798	8,180,682	(13,021,903)	9,481,910
Loss for the year	-	-	-	-	-	-	-	(17,697,740)	(17,697,740)
Other comprehensive expense	-	-	-	-	(72,614)	-	-	-	(72,614)
Loss and total comprehensive expense 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	1,250,000	66,731,855	-	-	-	-	-	-	67,981,855
Equity-settled share-based transactions	-	-	-	687,226	-	-	-	-	687,226
Purchase of the Company's shares for Share Award Scheme (note 23(b))	(218,160)	-	(12,227,219)	-	-	-	-	-	(12,445,379)
<b>At 31 March 2019</b>	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
Profit for the year	-	-	-	-	-	-	-	13,025,105	13,025,105
Other comprehensive expense	-	-	-	-	(1,421,747)	-	-	-	(1,421,747)
Profit and total comprehensive income (expense) for the year	-	-	-	-	(1,421,747)	-	-	13,025,105	11,603,358
Equity-settled share-based transactions	-	-	-	347,597	-	-	-	-	347,597
Purchase of the Company's shares for Share Award Scheme (note 23(b))	(31,840)	-	(1,860,201)	-	-	-	-	-	(1,892,041)
<b>At 31 March 2020</b>	4,750,000	62,987,553	(14,087,420)	12,202,258	507,839	1,147,798	8,180,682	(17,694,538)	57,994,172

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	2020 HK\$	2019 HK\$
<b>OPERATING ACTIVITIES</b>		
Profit (loss) before taxation	<b>13,253,371</b>	(16,892,454)
Adjustments for:		
Depreciation of property, plant and equipment	<b>513,640</b>	560,363
Depreciation of right-of-use assets	<b>993,797</b>	–
Amortisation of intangible assets	<b>4,061,926</b>	2,832,312
Interest income	<b>(700,771)</b>	(351,741)
Government grants	<b>(2,395,054)</b>	(409,058)
Equity-settled shared-based payments	<b>347,597</b>	687,226
Net trading losses	<b>287,971</b>	–
Fair value gain on Financial assets at Fair Value through profit or loss	<b>(166,206)</b>	–
(Reversal of impairment losses) impairment losses of financial assets	<b>(25,434)</b>	550,931
Finance costs	<b>203,078</b>	101,918
Operating profit (loss) before changes in working capital	<b>16,373,915</b>	(12,920,503)
Changes in working capital:		
Decrease in trade and other receivables	<b>819,793</b>	969,658
(Decrease) increase in trade and other payables and contract liabilities	<b>(315,229)</b>	3,544,198
Decrease in amount due to a fellow subsidiary	–	(5,611,879)
Decrease (increase) in amount due from a fellow subsidiary	<b>232,588</b>	(371,853)
Cash generated from (used in) operations	<b>17,111,067</b>	(14,390,379)
Tax refunded (paid), net	<b>455,220</b>	(1,047,005)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>17,566,287</b>	(15,437,384)
<b>INVESTING ACTIVITIES</b>		
Payment for the purchase of property, plant and equipment	<b>(24,972)</b>	(216,708)
Addition in intangible assets	<b>(8,977,078)</b>	(3,888,355)
Payment for financial assets at FVTPL	<b>(12,756,058)</b>	–
Proceeds from sales of financial assets at FVTPL	<b>2,364,769</b>	–
Decrease in amount due from a director	<b>112,150</b>	681,994
Interest received	<b>808,278</b>	351,741
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(18,472,911)</b>	(3,071,328)

## Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	2020 HK\$	2019 HK\$
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of shares upon IPO	–	80,000,000
Payment of listing expenses	–	(8,631,263)
Proceeds from loan from a third party	–	5,000,000
Purchase of the Company's shares for SAS	<b>(1,892,041)</b>	(12,445,379)
Interest paid	<b>(203,078)</b>	(101,918)
Repayment of lease liabilities	<b>(1,762,678)</b>	–
Government grants received	<b>2,395,054</b>	409,058
Repayment of loan from a third party	–	(5,000,000)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(1,462,743)</b>	59,230,498
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,369,367)</b>	40,721,786
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>48,918,156</b>	8,087,226
Effect of foreign exchange rate changes	<b>(750,425)</b>	109,144
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash</b>	<b>45,798,364</b>	48,918,156

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

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. Its ultimate controlling party is Mr. Liu Yong. The shares of the Company have been listed on GEM of 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 30.

Other than those subsidiaries established in the PRC whose functional currency is Renminbi (“**RMB**”), the functional currency of the Company and other subsidiaries is Hong Kong dollars (“**HK\$**”). For the purpose of presenting the consolidated financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) adopted HK\$ as its presentation currency. The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

Details of the Group’s reorganisation (“**Reorganisation**”) are set out in the Company’s prospectus dated 17 September 2018.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRS(s)**”)

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“**HKAS(s)**”) and amendments, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The adoption of HKFRS 16 *Leases* resulted in changes in the Group’s accounting policies and adjustments to the amounts recognised in the consolidated financial statements as set out below. The directors of the Company consider that, the application of other new and revised HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) (CONTINUED)****2.1 Impacts on adoption of HKFRS 16 Leases**

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 3. The Group has applied HKFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17 *Leases*.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

*The Group as lessee*

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 (except for lease of low value assets and lease with remaining lease term of 12 months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The weighted average lessee’s incremental borrowing rates applied to the lease liabilities on 1 April 2019 were ranging from 4.75% to 5% per annum.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability.

The following table summarises the impact of transition to HKFRS 16 at 1 April 2019. Line items that were not affected by the adjustments have not been included.

	Note	Carrying amount previously reported at 31 March 2019 HK\$	Impact on adoption of HKFRS 16 HK\$	Carrying amount as restated at 1 April 2019 HK\$
Right-of-use assets	(a)	–	5,443,391	5,443,391
Lease liabilities	(a)	–	(5,443,391)	(5,443,391)

Note:

(a) As at 1 April 2019, right-of-use assets were measured at an amount equal to lease liabilities of approximately HK\$5,443,391.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) (CONTINUED)****2.1 Impacts on adoption of HKFRS 16 Leases (continued)***The Group as lessor (continued)*

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The total cash flows are unaffected.

Differences between operating lease commitments as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 April 2019 are as follow:

	HK\$
Operating lease commitment disclosed as at 31 March 2019	5,999,128
Less: Short-term leases and other leases with remaining lease term ended on or before 31 March 2020	(200,000)
	<hr/>
	5,799,128
Less: Total future interest expenses	(355,737)
	<hr/>
Discounted using the incremental borrowing rate and lease liabilities recognised as at 1 April 2019	5,443,391
	<hr/> <hr/>
Analysed as:	
Current portion	1,797,562
Non-current portion	3,645,829
	<hr/>
	5,443,391
	<hr/> <hr/>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) (CONTINUED)****2.1 Impacts on adoption of HKFRS 16 Leases (continued)***Practical expedients applied*

On the date of initial application of HKFRS 16, the Group has also used the following practical expedients permitted by the standard.

- reliance on assessments on whether leases are onerous by applying HKAS 37 immediately before the date of initial application as an alternative to performing an impairment review.
- to account for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

**New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

HKFRS 17	Insurance Contracts <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 3	Definition of a Business <sup>4</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting <sup>1</sup>
Amendments to HKFRS 16	COVID-19 Related Rented Concessions <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for business combinations and assets acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 June 2020.

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated 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 consolidated 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 (“**Listing Rules**”). Significant accounting policies adopted by the Company and its subsidiaries (together, the “**Group**”) are disclosed in note 3 and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

#### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary’s financial statements in preparing the consolidated financial statements to ensure conformity with the Group’s accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group’s returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group’s voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### (b) 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.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses. 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Derivative financial instrument**

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

**(d) 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. 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. 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

**(e) Revenue recognition**

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. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Revenue recognition (continued)**

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

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.

*(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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Contract liabilities**

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 3(e)). 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 3(r)).

**(g) Leasing**

*(Accounting Policy applicable on or after 1 April 2019)*

## Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

## The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

## Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments, less any lease incentives receivable;

The lease liability is presented as a separate line in the condensed consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Leasing (continued)***(Accounting Policy applicable on or after 1 April 2019)*

The Group as lessee (continued)

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies HKAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

*(Accounting Policy applicable prior to 1 April 2019)*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

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*

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.

**(h) Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Government grants**

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

**(j) 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.

**(k) Retirement benefits costs**

Payments to the Mandatory Provident Fund Scheme (“MPF Scheme”) are recognised as an expense when employees have rendered service entitling them to the contributions.

Payments to the state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

**(l) Short-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(m) Share based payments***(i) Pre-IPO Equity Interest Incentive Scheme*

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 is charged/credited to the profit or loss for the year 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 3(b)) to meet obligations under share-based payment arrangements (see note 23(b)) are accounted for as treasury shares in the consolidated financial statements.

*(ii) Share Award Scheme*

The Group operates a share award scheme for remuneration of its employees and directors.

All services received in exchange for the grant of any awarded shares are measured at fair value. These are indirectly determined by reference to the fair value of the awarded shares granted. Its value is appraised at the grant date and excludes the impact of any service and non-market performance vesting condition (for example, profitability and sales growth targets, if any).

All services received is ultimately recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when awarded shares granted vest immediately unless the expense qualifies for the recognition as asset, with a corresponding increase in "Employee share-based compensation reserve" within equity. If service or non-market performance conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of awarded shares expected to vest. Non-market performance and service conditions are included in assumptions about the number of awarded shares that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of awarded shares expected to vest differs from previous estimates. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to "Employed share-based compensation reserve".

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(m) Share based payments (continued)***(ii) Share Award Scheme (continued)*

Where a grant of awarded shares is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met.

The shares awarded under the share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as “SAS reserve” and deducted from total equity. When the awarded shares are transferred to the awardees upon vesting, the related weighted average cost of the awarded shares vested are credited to “SAS reserve”, the related service costs of awarded shares vested are debited to the “Employed share-based compensation reserve”, and any difference will be transferred to retained earnings. Where the shares held for employee share-based payment reserve are revoked and the revoked shares are disposed of, the related gain or loss is transferred to accumulated losses.

**(n) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (2019: loss) before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(n) Taxation (continued)**

Deferred tax assets are measured at the tax rates that are expected to apply in the period in which the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Current and deferred tax are recognised in profit or loss.

**(o) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

**(p) 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 3(q).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

*Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("**FVTOCI**"), and fair value through profit or loss ("**FVTPL**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

*Financial assets at amortised cost (debt instruments)*

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Financial instruments (continued)***Financial assets (continued)*

Financial assets at amortised cost (debt instruments) (continued)

## (i) Amortised cost and 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.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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) excluding expected credit losses (“**ECL**”), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Interest income is recognised in profit or loss and is included in the “Other gains, net” line item (note 6).

## Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL. The Group has designated debt instruments as at FVTPL.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Financial instruments (continued)***Financial assets (continued)*

## Financial assets at FVTPL (continued)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other gains, net" item. Fair value is determined in the manner described in note 25(d).

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

## Impairment of financial assets

The Group always recognises lifetime ECL for trade and other receivables, except for amounts due from customers with known financial difficulties or significant doubt on collection that are assessed individually. The expected credit losses 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, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets measured at amortised cost, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Financial instruments (continued)***Financial assets (continued)*

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, 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:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Financial instruments (continued)***Financial assets (continued)*

## Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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.

## Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

## Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (q) Financial instruments (continued)

##### *Financial assets (continued)*

##### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### *Financial liabilities and equity instruments*

##### Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### Equity instruments

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

##### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Financial instruments (continued)**

*Financial liabilities and equity instruments (continued)*

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(r) 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 3(q)).

**(s) 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

### 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

#### **Critical judgement in applying accounting policies**

##### *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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

#### 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

##### Key sources of estimation uncertainty

###### *Fair value of financial assets measured at FVTPL*

As described in note 25(d), the estimation of fair value of unlisted fund investment includes some assumptions not supported by observable market prices or rates. The unlisted fund investment is valued using income approach based on assumptions supported, where possible, by expected redemption amounts and risk premium. Changes in the assumptions would change the fair value of the financial instruments. As at 31 March 2020, the carrying amount of the unlisted fund investment classified as financial assets at FVTPL was HK\$9,935,255. Details of the assumptions used are disclosed in note 25(d). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

###### *Income taxes*

The Group is subject to income taxes in different jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

As at 31 March 2020, a deferred tax asset of HK\$458,063 (2019: HK\$121,800) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the remaining tax losses of HK\$9,472,178 (2019: HK\$20,233,129) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**5. REVENUE AND SEGMENT INFORMATION****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.

An analysis of the Group's revenue for the year is as follows:

	2020 HK\$	2019 HK\$
<b>Revenue from contracts with customers within the scope of HKFRS 15 for the year ended 31 March 2020</b>		
Disaggregated by major services lines		
– Front office trading system services	22,389,116	22,020,143
– Market data services	13,311,886	15,746,398
– Other services	16,051,728	8,544,888
	<b>51,752,730</b>	46,311,429

**Disaggregation of revenue by timing of recognition**

	2020 HK\$	2019 HK\$
A point in time	15,381,126	10,293,587
Over time	36,371,604	36,017,842
	<b>51,752,730</b>	46,311,429

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 2020 and 2019. Details of concentrations of credit risk arising from the Group's largest customers are set out in note 25(a).

**Transaction price allocated to the remaining performance obligations**

The service contracts of front office trading system services, market data services and other services are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the services performed. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**5. REVENUE AND SEGMENT INFORMATION (CONTINUED)****Segment information**

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, right of use assets 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, right of use assets and intangible assets, is based on the physical locations of the operations to which they are allocated.

	Revenue from external customers during the year ended 31 March		Specified non-current assets as at 31 March	
	2020	2019	2020	2019
	HK\$	HK\$	HK\$	HK\$
Hong Kong (place of domicile)	<b>43,958,583</b>	42,510,770	<b>499,539</b>	113,553
The PRC	<b>7,794,147</b>	3,800,659	<b>16,842,417</b>	8,955,694
	<b>51,752,730</b>	46,311,429	<b>17,341,956</b>	9,069,247

**6. OTHER GAINS, NET**

	2020	2019
	HK\$	HK\$
Net exchange gain (loss)	<b>193,129</b>	(331,166)
Government subsidy ( <i>note</i> )	<b>2,395,054</b>	409,058
Interest income	<b>700,771</b>	351,741
Net trading losses	<b>(287,971)</b>	–
Fair value gain on financial assets at FVTPL	<b>166,206</b>	–
Sundry income	<b>108,913</b>	5,758
	<b>3,276,102</b>	435,391

*Note:* During the years ended 31 March 2020 and 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**7. FINANCE COSTS**

	2020 HK\$	2019 HK\$
Interest on:		
Loan from a third party	–	101,918
Lease liabilities	<b>203,078</b>	–
	<b>203,078</b>	101,918

**8. INCOME TAX EXPENSE**

	2020 HK\$	2019 HK\$
Current year taxation		
Hong Kong Profits Tax	<b>199,190</b>	947
PRC Enterprise Income Tax	<b>375,428</b>	234,063
Deferred taxation	<b>(346,352)</b>	570,276
	<b>228,266</b>	805,286

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

The provision for Hong Kong Profits Tax for the year ended 31 March 2020 is calculated at 8.25% (2019: 8.25%) of the first \$2,000,000 and 16.5% (2019: 16.5%) of the remaining estimated assessable profits of the year, taking into account a reduction granted by the Hong Kong SAR Government of 100% (2019: 75%) of the tax payable for the year of assessment 2019-20 subject to a maximum reduction of \$20,000 for each business (2019: a maximum reduction of \$20,000 was granted for the year of assessment 2018-19 and was taken into account in calculating the provision for 2019).

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 (“EIT”) rate applicable to the Group’s subsidiaries in the PRC is principally 25% during the year ended 31 March 2020.

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%. 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 years ended 31 March 2020 and 2019 and the carrying value of the deferred tax assets and liabilities arisen from Tele-Trend Konson SZ as at 31 March 2020 and 2019.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**8. INCOME TAX EXPENSE (CONTINUED)**

The tax charge for the years can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 HK\$	2019 HK\$
Profit (loss) before taxation	13,253,371	(16,892,454)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	3,626,171	(2,572,939)
Tax effect of expenses not deductible for tax purposes	1,077,731	3,751,717
Tax effect of income not taxable for tax purposes	(68,977)	(202,177)
Utilisation of tax loss not recognised	(2,853,026)	–
Tax effect of tax loss not recognised	457,897	–
Super deduction of research and development costs (note)	(1,576,244)	–
Income tax on concessionary expense	(165,000)	–
Effect of tax exemption granted	(20,000)	–
PRC Corporate Income Tax concessionaries	(250,286)	(171,315)
Income tax expense for the year	228,266	805,286

Note: According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2017 onwards, enterprises engaging in research and development activities are entitled to claim 175% for the three years ending 31 December 2020 of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The Group has made its best estimate for Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year

	Tax losses HK\$	Others HK\$	Total HK\$
<b>Deferred tax arising from:</b>			
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
Credited to profit or loss	346,352	–	346,352
Translation differences	(10,089)	–	(10,089)
At 31 March 2020	458,063	14,111	472,174

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary taxable difference attributable to accumulated profits of the PRC subsidiaries amounting to HK\$8,894,674 (2019: nil) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The Group had unused tax losses of HK\$11,304,430 (2019: HK\$20,720,329) as at 31 March 2020, available for offsetting against future profits. Tax losses of HK\$11,304,430 (2019: HK\$20,720,329) will expire five years from the year of origination. Deferred tax asset of HK\$458,063 (2019: HK\$121,800) had been recognised on tax losses of HK\$1,832,252 (2019: HK\$487,200). No deferred tax asset has been recognised on the remaining tax losses of HK\$9,472,178 (2019: HK\$20,233,129) due to the unpredictability of future profit streams.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**9. PROFIT (LOSS) FOR THE YEAR**

Profit (loss) for the year has been arrived at after charging (crediting):

	2020 HK\$	2019 HK\$
Staff costs		
– Salaries and other benefits	10,211,189	20,280,477
– Retirement benefit scheme contributions	476,567	1,381,457
– Equity-settled share-based payments	347,597	468,769
Total staff costs (excluding directors' remuneration (note 10))	11,035,353	22,130,703
(Reversal of impairment losses) impairment losses on financial assets:		
– trade receivables, net	(25,434)	244,931
– deposits and other receivables	–	306,000
Total (reversal of of impairment losses) impairment losses on financial assets	(25,434)	550,931
Amortisation of intangible assets	4,061,926	2,832,312
Depreciation of property, plant and equipment	513,640	560,363
Depreciation of right-of-use assets (note (i))	993,797	–
Total depreciation and amortisation	5,569,363	3,392,675
Auditor's remuneration	600,000	1,360,961
Research and development expenses recognised as an expense (note (i))	4,945,314	9,322,658
Minimum lease payment under operating leases in respect of rented premises (note (iii))	–	2,284,346

## Notes:

- (i) The total depreciation of right-of-use assets for the year ended 31 March 2020 is HK\$1,938,940, of which HK\$945,143 (2019: operating lease charges of HK\$464,650) is capitalised as development costs.
- (ii) Research and development cost represents staff costs and depreciation of right-of-use assets (2019: operating lease charges), amounts of which are also included in the respective total amounts disclosed separately above.
- (iii) Operating lease rentals in respect of premises for the year ended 31 March 2019 represent payments made and accounted for under HKAS 17. Details of the lease payments made for the year ended 31 March 2020 are set out in note 16.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**10. DIRECTORS' EMOLUMENTS**

The emoluments paid or payable to each of the four (2019: four) directors of the Company were as follows:

**Year ended 31 March 2020**

	Directors' fee HK\$	Salaries, allowance and benefits in kind HK\$	Discretionary bonus HK\$	Retirement scheme contributions HK\$	Equity share-based payments HK\$	Total HK\$
<b>Executive Directors</b>						
Liu Yong (CEO of the Company)	-	734,804	-	30,847	-	765,651
Liao Jicheng	-	639,449	-	31,066	-	670,515
Wan Yong	-	547,304	-	10,227	-	557,531
<b>Non-executive Director</b>						
Lin Hung Yuan	-	-	-	-	-	-
<b>Independent non-executive Directors</b>						
Jiao Jie	200,000	-	-	-	-	200,000
Loke Yu	200,000	-	-	-	-	200,000
Man Kong Yui	200,000	-	-	-	-	200,000
	600,000	1,921,557	-	72,140	-	2,593,697

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**10. DIRECTORS' EMOLUMENTS (CONTINUED)****Year ended 31 March 2019**

	Directors' fee	Salaries, allowance and benefits in kind	Discretionary bonus	Retirement scheme contributions	Equity share-based payments	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Executive Directors</b>						
Liu Yong (CEO of the Company)	-	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
<b>Non-executive Director</b>						
Lin Hung Yuan	-	-	-	-	-	-
<b>Independent non-executive Directors</b>						
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
	300,000	2,140,113	-	73,779	102,402	2,616,294

Note:

- (i) 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 2020 and 2019. No director waived or agreed to waive any emoluments during the years ended 31 March 2020 and 2019.
- (ii) Mr. Liu Yong is also the CEO of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

**11. INDIVIDUALS WITH HIGHEST EMOLUMENTS**

Of the five individuals with the highest emoluments in the Group, three (2019: three) of them were directors or the CEO of the Company whose emoluments are included in note 10 above. The emoluments of the remaining two (2019: two) individual were as follows:

	2020 HK\$	2019 HK\$
Salaries, allowances and other benefits	816,000	815,856
Discretionary bonus	26,500	33,190
Retirement scheme contributions	36,000	72,524
Share-based payments	225,000	-
	1,103,500	921,570

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**11. INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)**

Their emoluments were within the following band

	2020 No. of employees	2019 No. of employees
Nil to HK\$1,000,000	2	2

**12. DIVIDENDS**

No dividend was paid or proposed for shareholders of the Company during the years ended 31 March 2020 and 2019, nor has any dividend been proposed after the end of reporting period.

**13. EARNINGS (LOSS) PER SHARE**

The calculation of the basic earnings (loss) per share is based on the profit (loss) for the year attributable to equity shareholders of the Company of HK\$13,025,105 (2019: HK\$17,697,740), and the weighted average number of ordinary shares of approximately 475,276,000 (2019: 436,184,000) in issue, taking into consideration of the effect of the shares held for the Share Award Scheme (defined in note 23(b)) (2019: Reorganisation, the capitalisation issue and the shares held for the Share Award Scheme (defined in note 23(b)), among which the effect of capitalisation issue is adjusted retrospectively.)

The dilutive earnings (loss) per share is equal to the basic earnings (loss) per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2020 and 2019.

**(i) Profit (loss)**

	2020 HK\$	2019 HK\$
Profit (loss) attributable to ordinary equity shareholders of the Company	13,025,105	(17,697,740)

**(ii) Number of shares**

	2020 '000	2019 '000
Issued ordinary shares at 1 April	478,184	570
Effect of capitalization issue	-	374,430
Effect of issue of shares upon IPO	-	63,014
Effect of shares held for the Share Award Scheme	(2,908)	(1,830)
Weighted average number of ordinary shares at 31 March	475,276	436,184

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**14. PROPERTY, PLANT AND EQUIPMENT**

	Computer equipment HK\$	Office equipment HK\$	Total HK\$
At 1 April 2018	2,963,738	612,926	3,576,664
Additions	145,168	71,540	216,708
Exchange realignment	(189,385)	(34,527)	(223,912)
At 31 March 2019	<b>2,919,521</b>	<b>649,939</b>	<b>3,569,460</b>
Additions	<b>11,684</b>	<b>13,288</b>	<b>24,972</b>
Exchange realignment	<b>(189,076)</b>	<b>(36,314)</b>	<b>(225,390)</b>
At 31 March 2020	<b>2,742,129</b>	<b>626,913</b>	<b>3,369,042</b>
<b>Accumulated depreciation</b>			
At 1 April 2018	1,478,753	89,220	1,567,973
Charge for the year	472,557	87,806	560,363
Exchange realignment	(64,427)	8,958	(55,469)
At 31 March 2019	<b>1,886,883</b>	<b>185,984</b>	<b>2,072,867</b>
Charge for the year	<b>426,885</b>	<b>86,755</b>	<b>513,640</b>
Exchange realignment	<b>(83,094)</b>	<b>(18,936)</b>	<b>(102,030)</b>
At 31 March 2020	<b>2,230,674</b>	<b>253,803</b>	<b>2,484,477</b>
<b>Net carrying values</b>			
At 31 March 2020	511,455	373,110	884,565
At 31 March 2019	<b>1,032,638</b>	<b>463,955</b>	<b>1,496,593</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**15. INTANGIBLE ASSETS**

	<b>Internally developed software system HK\$</b>
<b>Cost</b>	
At 1 April 2018	10,617,335
Additions through internal development	3,888,355
Exchange realignment	(691,863)
At 31 March 2019	<b>13,813,827</b>
Additions through internal development	<b>9,922,221</b>
Exchange realignment	<b>(1,177,787)</b>
At 31 March 2020	<b>22,558,261</b>
<b>Accumulated amortisation</b>	
At 1 April 2018	3,663,072
Charge for the year	2,832,312
Exchange realignment	(254,211)
At 31 March 2019	<b>6,241,173</b>
Charge for the year	<b>4,061,926</b>
Exchange realignment	<b>(535,355)</b>
At 31 March 2020	<b>9,767,744</b>
<b>Net carrying values</b>	
At 31 March 2020	12,790,517
At 31 March 2019	<b>7,572,654</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**16. LEASES****(i) Right-of-use assets**

	Buildings HK\$
COST	
At 1 April 2019	–
Adoption of HKFRS 16	5,443,391
Addition	469,711
Exchange realignment	(363,353)
At 31 March 2020	5,549,749
ACCUMULATED DEPRECIATION	
At 1 April 2019	–
Charge for the year	1,938,940
Exchange realignment	(56,065)
At 31 March 2020	1,882,875
NET CARRYING VALUE	
At 31 March 2020	3,666,874

The Group has lease arrangements for buildings. The lease terms are generally ranged from two to three years.

Additions to the right-of-use assets for the year ended 31 March 2020 amounted to HK\$469,711 due to new leases of buildings.

**(ii) Lease liabilities**

	31/3/2020 HK\$	1/4/2019 HK\$
Non-current	1,733,055	1,797,562
Current	2,105,445	3,645,829
	<b>3,838,500</b>	5,443,391

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**16. LEASES (CONTINUED)****(iii) Amounts payable under lease liabilities**

	31/3/2020 HK\$
Within one year	2,105,445
After one year but within two years	1,733,055
	<b>3,838,500</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(2,105,445)</b>
Amount due for settlement after 12 months	<b>1,733,055</b>

**(iv) Amounts recognised in profit or loss**

	Year ended 31/3/2020 HK\$
Depreciation expense on right-of-use assets before capitalisation: – Buildings	1,938,940
Interest expense on lease liabilities	203,078
Expense relating to short-term leases	416,000

**(v) Others**

During the year ended 31 March 2020, the total cash outflow for leases amount to HK\$2,178,678.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**17. TRADE AND OTHER RECEIVABLES**

	2020 HK\$	2019 HK\$
Trade receivables, net of loss allowance	<b>3,123,174</b>	3,218,118
Deposits and other receivables, net of loss allowance	<b>1,057,904</b>	946,406
	<b>4,181,078</b>	4,164,524
Prepaid expenses	<b>914,038</b>	1,853,467
Trade and other receivables	<b>5,095,116</b>	6,017,991

At 31 March 2020, except for rental deposit of HK\$367,239 (2019: HK\$399,533), all of the trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group does not hold any collateral over these balances.

As at 31 March 2020, the gross amount of trade receivables arising from contracts with customers amounted to HK\$3,123,174 (31 March 2019: HK\$3,218,118).

**Ageing analysis of trade receivables**

As of the end of the reporting period, the ageing analysis of trade receivables based on invoice date and net of loss allowance, is as follows:

	2020 HK\$	2019 HK\$
Within 1 month	<b>1,887,365</b>	1,246,676
1 to 3 months	<b>1,145,505</b>	1,813,129
3 to 6 months	<b>90,301</b>	153,034
Over 6 months	<b>3</b>	5,279
	<b>3,123,174</b>	3,218,118

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 and other receivables are set out in note 25(a).

**18. AMOUNT DUE FROM A DIRECTOR**

The amount due from a director is non-trade in nature, interest-free, unsecured and recoverable on demand.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**19. AMOUNT DUE FROM A FELLOW SUBSIDIARY**

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

**20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2020 HK\$	2019 HK\$
Listed equity investments in Hong Kong	9,819	–
Derivative — Foreign currency forward contract	53,249	–
Unlisted fund investment in PRC	9,935,255	–
	<b>9,998,323</b>	–

The investments above include investments in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

The fair value of foreign currency forward contract is measured at the present value of future cash flows estimated using quoted forward exchange rate.

Major terms of the foreign currency forward contract is as follows:

Notional amount	Maturity	Exchange rates
Sell RMB2,500,000	6 August 2020	HK\$1.113:RMB1

At 31 March 2020, the Group's unlisted fund investment comprised an investment fund domiciled in the PRC with a fair value of HK\$9,935,255 (2019: nil) with an aggregate initial investment cost of HK\$10,093,500 (equivalent to RMB9,000,000) (2019: nil). Details of the fair value measurement of the financial assets at FVTPL are set out in note 25(d).

**21. CASH AND CASH EQUIVALENTS****(a) Cash and cash equivalents comprise:**

	2020 HK\$	2019 HK\$
Cash at banks, financial institutions and on hand	45,798,364	48,918,156

Bank balances carried interest at market rates ranged from 0.002% to 0.3% (2019: 0.001% to 0.3%) per annum as at 31 March 2020. As at 31 March 2020, the Group's cash and cash equivalents included balances of HK\$13,128,362 (2019: HK\$9,595,313), which were bank balances in the PRC. The remittance of such balances out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**21. CASH AND CASH EQUIVALENTS (CONTINUED)****(b) Reconciliation of liabilities arising from financing activities**

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

	Lease liabilities HK\$	Loan from a third party HK\$	Total HK\$
At 1 April 2018	–	–	–
Changes from financing cash flows:			
– Proceeds from loan from a third party	–	5,000,000	5,000,000
– Interest paid	–	(101,918)	(101,918)
– Repayment of loan from a third party	–	(5,000,000)	(5,000,000)
	–	(101,918)	(101,918)
Non-cash changes:			
– Finance cost	–	101,918	101,918
At 31 March 2019	–	–	–
Adoption of HKFRS 16	5,443,391	–	5,443,391
At 1 April 2019	5,443,391	–	5,443,391
Changes from financing cash flows:			
– Payment in lease liabilities	(1,762,678)	–	(1,762,678)
– Payment of interest on lease liabilities	(203,078)	–	(203,078)
	3,477,635	–	3,477,635
Non-cash changes:			
Addition of lease	469,711	–	469,711
Exchange realignment	(311,924)	–	(311,924)
Finance costs incurred	203,078	–	203,078
At 31 March 2020	<b>3,838,500</b>	<b>–</b>	<b>3,838,500</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**22. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES**

	2020 HK\$	2019 HK\$
Trade payables	1,949,423	1,234,667
Contract liabilities	8,565,758	6,569,150
Other payables and accrued liabilities	6,439,486	9,748,312
	<b>16,954,667</b>	17,552,129

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

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

	2020 HK\$	2019 HK\$
Within 1 month	1,339,296	692,922
1 to 2 months	610,127	511,745
Over 3 months	-	30,000
	<b>1,949,423</b>	1,234,667

**(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:

	2020 HK\$	2019 HK\$
Revenue recognised that was included in the contract liabilities at the beginning of the year	(6,569,150)	(7,662,729)
Increase due to cash received, excluding amounts recognised as revenue during the year	8,565,758	6,569,150

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 23. 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.

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 3(m)(i).

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 HK\$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 2018 upon completion of the Company's IPO.

Share-based compensation expenses of HK\$571,171 (2020: nil) and HK\$116,055 (2020: nil) were recognised by the Group under “staff costs” and “selling, general and administrative expenses”, respectively, during the year ended 31 March 2019.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**23. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)****(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. Shares repurchased by the Company on the Stock Exchange are held by the Share Award Scheme trustee for the purpose of the Share Award Scheme. The maximum number of shares may be granted under the Share Award Scheme shall not exceed 25,000,000 shares, representing 5% of the total number of issued shares as at 19 December 2018 and the total consideration used for purchase of awarded shares pursuant to the Share Award Scheme shall not exceed HK\$15,000,000.

During the year ended 31 March 2020, based on the Company's instructions, the trustee has purchased a total of 3,184,000 (2019: 21,816,000) ordinary shares of the Company on the Stock Exchange at prices ranging from HK\$0.506 to HK\$0.663 (2019: from HK\$0.458 to HK\$0.628) per share at a total consideration of HK\$1,892,041 (2019: HK\$12,445,379).

Movements in the number of shares held for the Share Award Scheme and the awarded shares of the Company are as follows:

	Number of shares held for Share Award Scheme		Number of awarded shares	
	2020	2019	2020	2019
At 1 April	21,816,000	–	–	–
Purchased	3,184,000	21,816,000	–	–
Granted (note (a))	–	–	8,000,000	–
At 31 March	25,000,000	21,816,000	8,000,000	–

Note:

- (a) On 22 August 2019 (the "Grant Date"), 8,000,000 shares are granted to the Group's employees under the Share Award Scheme, of which the grantees shall contribute HK\$0.5735 per share. The granted shares represent approximately 1.6% of the total number of shares of the Company in issue as at the Grant Date. At the Grant Date, the estimated fair value of the awarded shares granted, amounting to HK\$1,143,000, is measured through Binomial model method with time to maturity of 2 years resulting in fair value of HK\$0.14 per granted share on Grant Date. The granted shares will be vested after two years since the date of grant under certain conditions. Share-based compensation expenses of HK\$347,597 (2019: nil) were recognised by the Group under "staff costs" during the year ended 31 March 2020.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**23. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)****(b) Share Award Scheme (continued)**

The fair value is calculated using the Binomial model. The inputs into the model were as follows:

	<b>2020</b>
Weighted average share price	<b>HK\$0.4400</b>
Exercise price	<b>HK\$0.5735</b>
Knock-in price	<b>HK\$0.6400</b>
Expected volatility	<b>73%</b>
Expected life	<b>2 years</b>
Risk-free rate	<b>1.61%</b>
Expected dividend yield	<b>0%</b>

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an award share varies with different variables of certain subjective assumptions.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**24. 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 HK\$ (Note 24(b))	Share premium HK\$ (Note 24(c))	SAS reserve HK\$ (Note 24(d))	Employee share-based compensation reserve HK\$ (Note 24(e))	Accumulated losses HK\$	Other reserve HK\$ (Note 24(h))	Total equity HK\$
<b>At 1 April 2018</b>	5,698	-	-	-	(73,171)	16,369,912	16,302,439
<b>Changes in equity for the year ended</b>							
<b>31 March 2019:</b>							
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)
<b>At 31 March 2019</b>	<b>4,781,840</b>	<b>62,987,553</b>	<b>(12,227,219)</b>	<b>-</b>	<b>(7,402,244)</b>	<b>16,369,912</b>	<b>64,509,842</b>
<b>Changes in equity for the year ended</b>							
<b>31 March 2020:</b>							
Loss for the year	-	-	-	-	(5,520,743)	-	(5,520,743)
Equity-settled share-based transactions	-	-	-	347,597	-	-	347,597
Purchase of shares for Share Award Scheme	(31,840)	-	(1,860,201)	-	-	-	(1,892,041)
<b>At 31 March 2020</b>	<b>4,750,000</b>	<b>62,987,553</b>	<b>(14,087,420)</b>	<b>347,597</b>	<b>(12,922,987)</b>	<b>16,369,912</b>	<b>57,444,655</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**24. 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 2020 and 2019 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	HK\$	Number of shares	HK\$
At 1 April 2018	38,000,000	380,000	569,800	5,698
Increase in authorised share capital (Note i))	1,962,000,000	19,620,000	–	–
Capitalisation issue (Note ii))	–	–	374,430,200	3,744,302
Shares issued upon IPO (Note iii))	–	–	125,000,000	1,250,000
Purchase of shares for Share Award Scheme (Note 23(b))	–	–	(21,816,000)	(218,160)
<b>At 31 March 2019</b>	<b>2,000,000,000</b>	<b>20,000,000</b>	<b>478,184,000</b>	<b>4,781,840</b>
Purchase of shares for Share Award Scheme (Note 23(b))	–	–	(3,184,000)	(31,840)
<b>At 31 March 2020</b>	<b>2,000,000,000</b>	<b>20,000,000</b>	<b>475,000,000</b>	<b>4,750,000</b>

Notes:

- (i) On 29 August 2018, resolutions in writing were passed by the Company's shareholders pursuant to increase the authorised share capital from HK\$380,000 to HK\$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.
- (ii) Immediately before completion of the Company's IPO on 28 September 2019, an amount of HK\$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.
- (iii) 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 HK\$80,000,000.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**24. 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 policies set out in note 3(m).

**(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 3(j).

**(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 HK\$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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**24. 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.

**25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES****Categories of financial instruments**

	2020 HK\$	2019 HK\$
<b>Financial assets</b>		
Financial assets at amortised cost (including cash and cash equivalents)	50,118,707	53,571,383
Financial assets at FVTPL	9,998,323	–
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	8,388,909	9,882,979

The Group's major financial instruments include financial asset at FVTPL, trade receivables, deposits and other receivables, amount due from a director/a fellow subsidiary, cash and cash equivalents and trade and other payables. Details of the financial instruments are disclosed in respective notes

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)****(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 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*

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 (2019: none) of the total trade receivables was due from the Group's largest customer and 21% (2019: 25%) of the total trade receivables 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.

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 2020, loss allowance of HK\$219,497 (2019: HK\$244,931) was recognised with respect to the Group's trade receivables, of which trade receivables of HK\$186,709 (2019: HK\$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 2020 and 2019 is as follows:

As at 31 March 2020:

	ECL rate %	Gross carrying amount HK\$	Loss allowance HK\$	Carrying amount, net of loss allowance HK\$
Not past due	0.2%	94,075	(197)	93,878
Past due less than 1 month	0.2%	1,797,245	(3,758)	1,793,487
Past due 1 to 3 months	0.6%	1,152,697	(7,192)	1,145,505
Past due 3 to 6 months	21.4%	114,940	(24,639)	90,301
Past due over 6 months	31.9%	5	(2)	3
		<b>3,158,962</b>	<b>(35,788)</b>	<b>3,123,174</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)****(a) Credit risk (continued)***Trade receivables (continued)*

As at 31 March 2019:

	ECL rate %	Gross carrying amount HK\$	Loss allowance HK\$	Carrying amount, net of loss allowance HK\$
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
		<u>3,276,340</u>	<u>(58,222)</u>	<u>3,218,118</u>

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.

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

	2020 HK\$	2019 HK\$
At 1 April	<b>244,931</b>	94,500
Amounts written off during the year	–	(94,500)
Allowance for impairment loss, net	–	244,931
Reversal of impairment loss, net	<b>(25,434)</b>	–
At 31 March	<u><b>219,497</b></u>	<u>244,391</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)****(a) Credit risk (continued)***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 HK\$	Lifetime ECL HK\$	Total HK\$
<b>At 31 March 2020</b>			
Gross amount			
– Deposits and other receivables	1,057,904	1,088,000	2,145,904
– Amount due from a fellow subsidiary	139,265	–	139,265
Loss allowance	–	(1,088,000)	(1,088,000)
Carrying amount, net of loss allowance	1,197,169	–	1,197,169

	12-month ECL HK\$	Lifetime ECL HK\$	Total HK\$
At 31 March 2019			
Gross amount			
– Deposits and other receivables	946,406	1,088,000	2,034,406
– Amount due from a director	116,850	–	116,850
– Amount due from a fellow subsidiary	371,853	–	371,853
Loss allowance	–	(1,088,000)	(1,088,000)
Carrying amount, net of loss allowance	1,435,109	–	1,435,109

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)****(a) Credit risk (continued)***Other financial assets measured at amortised cost (continued)*

Movement in the loss allowance account in respect of financial assets during the years is as follows:

	2020 HK\$	2019 HK\$
Balance at 1 April	1,088,000	782,000
Impairment losses recognised during the year	-	306,000
Balance at 31 March	1,088,000	1,088,000

**(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.

Additional information about the maturity of lease liabilities is provided in the following table:

At 31 March 2020	Less than 1 year HK\$	1-2 years HK\$	Total undiscounted cashflows HK\$	Carrying amount HK\$
Lease liabilities	2,232,027	1,760,558	3,992,585	3,838,500

## Notes to the Consolidated Financial Statements

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**25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)****(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 RMB and HK\$.

*(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 HK\$, 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 HK\$)	
	RMB	HK\$
	HK\$	HK\$
<b>At 31 March 2020</b>		
Trade and other receivables	315,075	54,126
Cash and cash equivalents	2,153,756	3,784,093
Trade and other payables	(132,926)	–
Net exposure arising from recognised assets and liabilities	<b>2,335,905</b>	<b>3,838,219</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**25. 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 profit (2019: 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 2020		31 March 2019	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax HK\$	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in loss after tax HK\$
RMB	5%	(97,524)	5%	(41,406)
	(5)%	97,524	(5)%	41,406
HK\$	5%	(160,245)	5%	(110,428)
	(5)%	160,245	(5)%	110,428

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit (2019: loss) after tax and retained profits measured in the respective functional currency, translated into HK\$ 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 years ended 31 March 2020 and 2019.

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For the year ended 31 March 2020

**25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)****(d) Fair values measurement**

The valuation techniques and inputs used in fair value measurements of each financial instrument on a recurring basis are set out below:

		Fair value as at		Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
		31/3/2020	31/3/2019			
		HK\$	HK\$			
Financial assets at fair value through profit or loss						
- Listed equity investments	Level 1	<b>9,819</b>		- Quoted bid prices in an active market	N/A	N/A
- Foreign currency forward contract	Level 2	<b>53,249</b>		- Discounted cash flows based on forward exchange rate (from observable forward exchange rate at the end of the reporting period and contract forward rate, discounted at a rate that reflects the credit risk of various counterparties)	N/A	N/A
- Unlisted fund investment	Level 3	<b>9,935,255</b>		- Income approach – with reference to the expected redemption amounts	(i) Expected redemption amounts (ii) Risk premium	(i) The higher the expected redemption amounts, the higher the fair value. (ii) The higher the risk premium, the lower the fair value.

There were no transfers between levels of fair value hierarchy in the current and prior years.

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**25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)****(d) Fair values measurement (continued)**

Reconciliation of Level 3 fair value measurement of financial asset at FVTPL on recurring basis:

	<b>Unlisted fund investments HK\$</b>
As at 1 April 2018 and 31 March 2019	–
Acquisition	10,093,500
Fair value gain recognised in other gains, net	112,957
Exchange realignment	(271,202)
As at 31 March 2020	<b>9,935,255</b>

The directors of the Company consider that the carrying amounts of other current financial assets and current financial liabilities recorded at amortised cost approximate their fair values as at 31 March 2020 and 2019.

**26. COMMITMENTS****Operating lease commitments**

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

	<b>2019 HK\$</b>
Within 1 year	2,206,448
After 1 year but within 5 years	3,792,680
	<b>5,999,128</b>

The Group is the lessee in respect of a number of properties which the leases were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in note 3, and the details regarding the Group's future lease payments are disclosed in note 16.

**27. MATERIAL RELATED PARTY TRANSACTIONS**

All members of key management personnel are the directors of the Group and their remuneration is disclosed in note 10.

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 year ended 31 March 2019, 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

	<i>Notes</i>	<b>2020</b> <b>HK\$</b>	2019 HK\$
<b>Non-current asset</b>			
Investment in a subsidiary		<b>16,375,610</b>	16,375,610
<b>Current assets</b>			
Other receivables		<b>466,986</b>	1,483,138
Amount due from a subsidiary		<b>17,444,859</b>	15,000,000
Cash and cash equivalents		<b>24,241,019</b>	32,798,288
Financial assets at FVTPL		<b>9,819</b>	–
		<b>42,162,683</b>	49,281,426
<b>Current liability</b>			
Trade and other payables		<b>1,093,638</b>	1,147,194
Net current assets		<b>41,069,045</b>	48,134,232
<b>Net assets</b>		<b>57,444,655</b>	64,509,842
<b>Capital and reserve</b>			
Share capital	24(b)	<b>4,750,000</b>	4,781,840
Reserves	24(a)	<b>52,694,655</b>	59,728,002
<b>Total equity</b>		<b>57,444,655</b>	64,509,842

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**29. RETIREMENT BENEFIT PLANS****Defined contribution plans**

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.

The total cost paid amounted to HK\$1,001,053 (2019: HK\$1,650,459) in which the cost charged to profit or loss amounted to HK\$548,707 (2019: HK\$1,455,236) for the year ended 31 March 2020 after capitalisation those directly attribute to development costs. The payment represents contributions payable to these schemes by the Group in respect of the current accounting period.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**30. 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.

Name of subsidiaries	Place of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital		Percentage of equity interest/voting power attributable to the Company				Principal activities
			2020	2019	2020		2019		
					Direct	Indirect	Direct	Indirect	
Power Mind Global Limited	The British Virgin Islands ("BVI")	Hong Kong	1 ordinary share of US\$1	1 ordinary share of US\$1	100%	-	100%	-	Investment holding
Tele-Trend Konson	Hong Kong	Hong Kong	Ordinary shares HK\$7,510,000	Ordinary shares HK\$7,510,000	-	100%	-	100%	Provision of front office trading system services and market data services
Tele-Trend Konson SZ (Note i) (捷利港信軟件(深圳)有限公司) (Note)	The PRC	The PRC	Registered capital RMB20,000,000	Registered capital RMB20,000,000	-	100%	-	100%	Development of computer hardware and software technology
Shenzhen Rongyi Technology Company Limited ("Shenzhen Rongyi") (Note ii) (深圳市融易科技有限公司) (Note)	The PRC	The PRC	Registered capital RMB5,000,000	Registered capital RMB5,000,000	-	100%	-	100%	Development of computer hardware and software technology
Shenzhen Xinfeng Network Technology Company Limited (Note ii) 深圳市新鋒網絡科技有限公司	The PRC	The PRC	Registered capital RMB5,000,000	Registered capital RMB5,000,000	-	100%	-	100%	Development of computer hardware and software technology

Notes:

(i) This entity is wholly foreign owned entity.

(ii) These entities are domestic enterprises.

None of the subsidiaries had issued any debt securities subsisting at the end of both years or at any time during both years.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

**30. PRINCIPAL SUBSIDIARIES AND A CONTROLLED STRUCTURED ENTITY (CONTINUED)****(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 23(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.

**31. MAJOR NON-CASH TRANSACTION**

During the year ended 31 March 2020, the Group entered into a new lease arrangement in respect of office premise. Right-of-use assets and lease liabilities of HK\$469,711 were recognised at the commencement of the lease.

**32. EVENT AFTER THE REPORTING PERIOD**

- (i) The wide spread of the novel Coronavirus in China since the beginning of 2020 is a fluid and challenging situation facing all the industries of the society. The Group has already assessed the overall impact of the situation on the operation of the Group and taken all possible effective measures to limit and keep the impact in control. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future.
- (ii) On 12 April 2020 and 9 June 2020, the Group redeemed part of its unlisted fund investment in the PRC for cash considerations of HK\$3,328,399 and HK\$3,326,784 respectively.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and equity of the Group for the last five 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				
	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$	2016 HK\$
Revenue	<b>51,752,730</b>	46,311,429	43,209,034	40,397,644	33,277,410
Profit/(loss) before taxation	<b>13,253,371</b>	(16,892,454)	643,186	(75,402)	4,499,977
Income tax expense	<b>228,266</b>	805,286	1,712,534	2,552,850	1,072,465
Profit/(loss) for the year	<b>13,025,105</b>	(17,697,740)	(1,069,348)	(2,628,252)	3,427,512
Other comprehensive (expense) income, net of tax	<b>(1,421,747)</b>	(72,614)	385,519	388,775	243,924
Total comprehensive income/(expense) for the year	<b>11,603,358</b>	(17,770,354)	(683,829)	(2,239,477)	3,671,436

### ASSETS AND LIABILITIES

	As at 31 March				
	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$	2016 HK\$
Total assets	<b>80,292,468</b>	66,920,949	35,938,685	32,930,442	17,747,299
Total liabilities	<b>22,298,296</b>	18,985,091	21,862,094	19,211,600	13,463,582
Total equity	<b>57,994,172</b>	47,935,258	14,076,591	13,718,842	4,283,717

Notes to the five-year financial summary:

- 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.
- 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 policies applicable in those years.