



捷利交易寶金融科技有限公司

TradeGo FinTech Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8017



**2020**  
**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.

# 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)

## 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  
Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Yuehai Street Technology Park  
Nanshan District, Shenzhen  
the PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong Plaza  
188 Connaught Road West  
Hong Kong

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

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
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 year ended 31 March 2021 (the “**Reporting Period**”).

During the Reporting Period, the outbreak of COVID-19 pandemic (“**COVID-19**”) has deeply affected the lives and works of people in the world, and the global economic development has also encountered unprecedented challenges. Relevant prevention and control measures are still under implementation in the world at present. Notwithstanding the Hong Kong stock market has significant fluctuation caused by the uncertainties, such as the COVID-19, which affected the financial market, the Group’s overall trend keeps positive. It is because that the Group provided its services to customers via cloud infrastructure and the Group has actively promoted its online marketing. The Board has not identified any material adverse impact on the Group’s business or financial performance as a result of the outbreak of COVID-19.

As the Group has focused on the development of cloud infrastructure, we are now able to deliver all of our services to customers through online and cloud services. During the Reporting Period, the Group entered into new service contracts with 48 institutional customers including 30 Hong Kong brokerage firms.

During the Reporting Period, the number of institutional customers and individual users grew steadily. The Group recorded a total revenue of approximately HK\$64.9 million, an increase of 26% or HK\$13.2 million from the year ended 31 March 2020 (the “**Corresponding Period**”), and net profit increased 58% to HK\$20.6 million.

There are more and more companies conducting initial public offering (“**IPO**”) in Hong Kong, including some valuable companies listed on the Hong Kong Stock Exchange (“**HKEx**”) or returning to the HKEx from other markets. According to figures released by the HKEx, 154 new companies raised a total of HK\$397.5 billion from IPOs in 2020, the highest since 2010, Hong Kong’s IPO market has remained active, attracting more individual investors and institutional investors to participate in the Hong Kong market. For the whole of 2020, the number of active trading users in Hong Kong rose 58% to 3.2 million, according to figures released by the Hong Kong Securities and Futures Commission (“**SFC**”).

The registered users of the Group are active investors, most of them already have securities accounts in Hong Kong brokerages. During the Reporting Period, the number of registered users of the Group increased by approximately 270,000 to approximately 600,000. The Group provide our registered users with a large number of valuable services, including IPO information, market quotations, listed company information, online account opening, new stock subscription and stock trading services. Thanks to the increase in the number of institutional customers and the number of registered users, the revenues from SaaS service, including TradeGo Pro and online account opening system, have increased 284% to 19 million.

With the implementation of new acceptable account opening approaches of the SFC, more and more brokerage firms have chosen to use online account opening to expand their business. Since the launch of our online account opening system, there are more than 70,000 persons open their securities account with our institutional customers. During the Reporting Period, 19 new Hong Kong brokerage firms adopted the Group’s online account opening system, and a total of 42 Hong Kong brokerage firms were using the Group’s online account opening system during the Reporting Period.

With years of our accumulated experience in development and with our customer base, I believe the Group will continue to maintain its position as a market leader in providing the integrated trading system of front office trading system services and market data services based on cloud 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 2021

## HIGHLIGHTS

Revenue for the Reporting Period amounted to HK\$64,949,522 (for the Corresponding Period: HK\$51,752,730), representing an increase of approximately HK\$13,196,792 or 25.5% as compared with the Corresponding Period.

Profit for the Reporting Period amounted to HK\$20,578,678 (for the Corresponding Period: profit of HK\$13,025,105) representing an increase of approximately HK\$7,553,573 or 58% as compared with that of the Corresponding Period.

Research and development expenses amounted to HK\$5,387,141 for the Reporting Period (for the Corresponding Period: HK\$4,945,314), representing an increase of HK\$441,827 or approximately 9% as compared with that of the Corresponding Period.

Basic earnings per share amounted to HK cents 4.33 for the Reporting Period, as compared to the basic earnings per share of HK cents 2.74 for the Corresponding Period, representing an increase of 58.0% as compared with that of the Corresponding Period.

The number of registered users of the Group increased by approximately 273,371 or 93.6% to approximately 565,485 as at 31 March 2021 (approximately 292,114 as at 31 March 2020).

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group was one of the leading integrated securities trading platform service providers serving primarily Hong Kong brokerage firms <sup>Note 1</sup> and their clients. The Group's Hong Kong brokerage firm customers are all Category B <sup>Note 2</sup> and Category C <sup>Note 3</sup> Exchange Participants <sup>Note 4</sup>. The Group's integrated securities trading platform services mainly consist of (1) front office trading system services; (2) market data services; (3) hosting and cloud infrastructure services; (4) SaaS services; and (5) other value added services. Leveraging the proprietary software developed, modified and enhanced by the Group over the years, the Group becomes a market leader in providing front office trading system services and market data services to Hong Kong brokerage firms through an integrated model based on cloud services. As more and more Hong Kong brokerage firms choose our system services and terminal products, more and more individuals also use our terminal products.

During the Reporting Period, the total revenue of the Group increased by approximately HK\$13,196,792 or 25.5% to approximately HK\$64,949,522 (for the Corresponding Period: approximately HK\$51,752,730). Profit for the Reporting Period increased by approximately HK\$7,553,573 or 58% to HK\$20,578,678 (for the Corresponding Period: profit of HK\$13,025,105). During the Reporting Period, research and development (the "R&D") expenses amounted to HK\$5,387,141 for the Reporting Period (for the Corresponding Period: HK\$4,945,314), representing an increase of HK\$441,827 or approximately 9% as compared with that of the Corresponding Period. During the Reporting Period, the Group signed the new front office trading system services contracts with 12 Hong Kong brokerage firms and a total of 97 Hong Kong brokerage firms are using our front office trading system. With the implementation of new acceptable account opening approaches of the SFC, more and more brokerage firms have chosen to use online account opening to expand their business. During the Reporting Period, 19 new Hong Kong brokerage firms adopted the Group's online account opening system, resulting in a 190% increase in related revenue to HK\$7.22 million (Corresponding Period: about HK\$2.49 million). During the Reporting Period, a total of 42 Hong Kong brokerage firms were using the Group's online account opening system.

The Group's TradeGo series terminal products are market and transaction integrated terminal products. Users can view market quotations, information and data, and trade new shares on the terminal products through their accounts in brokerage firms. The users are mainly trading users who have opened securities accounts in Hong Kong brokerage firms, including institutional investors and individual investors. The number of registered users of the Group increased by approximately 273,371 or 93.6% to approximately 565,485 as at 31 March 2021 (approximately 292,114 as at 31 March 2020).

Our open securities trading platform software "TradeGo Pro" has been in operation for many years. Through continuous upgrading of products and services, TradeGo Pro has supported the opening of accounts and securities trading of many Hong Kong brokerage firms. We also operate and promote the TradeGo Pro in different ways. With the increase of the number of users, more brokerage firms or institutional customers are willing to carry out marketing promotion and cooperation on the TradeGo Pro, resulting in a 385% increase in related revenue to HK\$11.97 million during the Reporting Period (Corresponding Period approximately HK\$2.46 million).

During the Reporting Period, the overall revenue of SaaS services, including TradeGo Pro and online account opening system services, increased by 284% to HK\$19.03 million (for the Corresponding Period: HK\$4.96 million) attribute to the increase in the number of institutional customers and individual users. SaaS service revenue accounted for 29.3% of the Group's total revenue during the Reporting Period (for the Corresponding Period: approximately 10%).

Note 1: Corporations licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") to conduct brokerage activities with type 1 licence (dealing in securities).

Note 2: The 15th to 65th Exchange Participants by market turnover.

Note 3: Stockbrokers, being Exchange Participants in the market, except for the 14 largest Exchange Participants by market turnover and Category B Exchange Participants.

Note 4: A person or an institution which, in accordance with the requirements of the Stock Exchange, or whose name is entered in a register kept by the Stock Exchange as a person or an institution which, may trade through the Stock Exchange.

## Management Discussion and Analysis

### OUTLOOK AND PROSPECTS

We provide front office trading system services and market data services to Hong Kong brokerage firms, and provide terminal products and services to customers of these Hong Kong brokerage firms. Most of these customers are investors who participate in the securities market. They can not only inquire about market information and data through our terminal products, but also trade new shares. Based on the steady growth of the number of Hong Kong brokerage firms served by the Group, it is expected that more Hong Kong brokerage firms will adopt our online account opening system. We hope to help more users opening securities accounts with Hong Kong brokerage firms through the TradeGo Pro and online account opening system.

As an open platform, TradeGo Pro aims to build a shared and shared service platform among participants in various business fields and individual users in the industry. As we gradually show our unique industry advantages in the new stock market, more participants in the new stock market know and use our terminal products and services. We will continue to build an operational service platform for participants in various business areas in the industry with an open mind through online marketing and promotion of new functions and services launched by TradeGo Pro, so as to help them get more contact with individual users and conduct business. At the same time, we will continue to expand the service forms based on financial products or fields such as securities, securities derivatives and funds, and strive to increase the number of registered users.

The Stock Exchange implemented a number of amendments to the Listing Rules that have further strengthened the long-term health, quality and sustainability of the Hong Kong markets. This success have attracted the listing of world-class enterprises on the Stock Exchange, and attracted more institutional investors and individual investors to pay attention to and participate in the Hong Kong market.

As far as we know, at present, several exchange participants in Hong Kong market have provided their users with trading services before IPO (“**grey market trading**”). According to market statistics, in 2020, the total turnover on the first day of IPO was about HK\$164.3 billion, which corresponds to the total turnover of the grey market trading of about HK\$24.6 billion, and the ratio of the grey market trading to the total turnover is only 15%. We understand that there are still many Exchange Participants and individual investors who have never contacted and participated in the grey market trading. We believe that the system function building and trading related businesses related to the grey market trading may enhance the market competitiveness and improve the profitability of the Group.

AWSG TradeGo Capital Limited, a subsidiary of the Group that was set up with AWSG (China) Limited under the Capital Contribution Agreement made on 7 July 2020 (the “**Hong Kong Subsidiary**”) will principally provide over-the-counter services, institutional grey market trading services as well as professional institutional investors services in Hong Kong securities after the licences for Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities under the SFO are obtained. For details, please refer to the announcements of the Company dated 7 July 2020 and 22 October 2020, respectively. Although the progress of the related works has been slowed down due to the COVID-19 pandemic, we are following up with such works actively.

The Group will continue to assess new business opportunities in a prudent manner in order to maximize returns for shareholders and promote the Group’s long-term business growth.

### 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. Subject to the Company’s announcement on the change in use of proceeds dated 10 August 2020 (the “**Announcement on Change in Use of Proceeds**”), 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 2021 is set out below:

## 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 2021
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. A part of trading counter product, which we developed, 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 need to carry out further R&amp;D after obtaining the corresponding license.</p> <p>For existing products, we have completed the integration of 59 brokerage firms onto the TradeGo Pro; replaced with new version of web browser securities trading platform software for the existing end users of 28 brokerage firms. During the Reporting Period, we have recruited 19 R&amp;D staffs to enhance our R&amp;D capabilities.</p>
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 100 institutional customers. We have promoted Trading Counter Product, the CMS Plus trading system, to more than 100 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 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, in May 2020, and have been communicating with new American suppliers to obtain new licenses. We are still seeking for more data licence for markets out of Hong Kong.</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 2021
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 servers to virtual servers.</li> </ul>	With the increase of R&D staffs and the continuous upgrading of products and services, we have been purchasing new computers, test mobile phones and other hardware equipment from time to time, and purchase and upgrade software for R&D and office use to strengthen R&D capability and improve quality control. We have enhanced the conversion efficiency and transition stability from physical servers to virtual servers.
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>	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.
Establish a R&D centre in the People's Republic of China (the "PRC")	<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>	The rapid and continuing rise in real estate prices in the Shenzhen central business districts, the real estate prices in areas of Shenzhen, the PRC suitable for establishing a R&D centre have been much higher than that of the original plan of the Group in around 2018. As a result, the Group has suspended its plan to purchase a R&D centre. For details, please refer to the Company's announcement on Change in Use of Proceed dated 10 August 2020.
Establish a marketing centre in Hong Kong	<ul style="list-style-type: none"> <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>	During the Reporting Period, the widespread of COVID-19 in Hong Kong posed difficulties in face-to-face marketing and promotion of the Group's business in Hong Kong. As a result, the Group has suspended the plan. For details, please refer to the Company's announcement on Change in Use of Proceed dated 10 August 2020.

## Management Discussion and Analysis

**FINANCIAL REVIEW****Revenue and direct costs**

Revenue of the Group for the Reporting Period was HK\$64,949,522 (for the Corresponding Period: HK\$51,752,730), representing an increase of HK\$13,196,792 or 25.5% 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 SaaS services which comprise of TradeGo Pro and online account opening system services. Direct costs of the Group for the Reporting Period were HK\$11,907,023 (for the Corresponding Period: HK\$14,982,032), representing a decrease of HK\$3,075,009 or 20.5% as compared with that of the Corresponding Period.

**Other gains, net**

The Group's other income for the Reporting Period amounted to HK\$1,827,320 (for the Corresponding Period: HK\$3,276,102) representing a decrease of HK\$1,448,782 or 44.2% as compared with that of the Corresponding Period, mainly due to the decrease in exchange gains and government grants.

**Staff costs**

The Group's staff costs for the Reporting Period amounted to HK\$17,717,233 (for the Corresponding Period: HK\$13,629,050) represented an increase of HK\$4,088,183 or 30.0% as compared with that of the Corresponding Period. The increase was due to the decrease 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\$8,045,044 (for the Corresponding Period: HK\$5,569,363) represented an increase of HK\$2,475,681 or 44.5% 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\$6,937,358 (for the Corresponding Period: HK\$7,417,372) represented a decrease of HK\$480,014 or 6.5% as compared with that of the Corresponding Period. The decrease was mainly due to the decrease in travelling expenses and other administrative expenses.

**Finance cost**

The Group's finance cost for the Reporting Period amounted to HK\$132,121 (for the Corresponding Period: HK\$203,078).

**Profit before taxation**

The Group's profit before taxation for the Reporting Period amounted to HK\$21,912,209 (for the Corresponding Period: HK\$13,253,371) represented an increase of HK\$8,658,838 or 65.3% as compared with that of the Corresponding Period. The increase was primarily as a result of the increase of the revenue and the decrease in direct costs as well as in selling, general and administrative expenses.

## Management Discussion and Analysis

### Income tax expense

The Group's income tax expense for the Reporting Period amounted to HK\$1,333,531 (for the Corresponding Period: HK\$228,266) represented an increase of HK\$1,105,265 or 484.2% as compared with that of the Corresponding Period, which consists of current tax of HK\$1,895,322 (for the Corresponding Period: HK\$574,618) and deferred tax of HK\$(561,791) (for the Corresponding Period: HK\$(346,352)). The increase of income tax expense was mainly due to the increase of profit of the Group.

### Profit for the Reporting Period

During the Reporting Period, the Group recorded a profit of HK\$20,578,678 (for the Corresponding Period: HK\$13,025,105) represented an increase of HK\$7,553,573 or 58.0% as compared with that of the Corresponding Period. Such increase was primarily attributable to the increase of the revenue and the decrease in direct costs as well as in selling general and administrative expenses.

### Earnings per Share

Earnings per share was HK cents 4.33 for the Reporting Period as compared to earnings per share of HK cents 2.74 for the Corresponding Period.

### Cash and cash equivalents

Cash and cash equivalents was HK\$73,721,534 as at 31 March 2021 (as at 31 March 2020: HK\$45,798,364), representing an increase of HK\$27,923,170 or 61% as compared with that of the Corresponding Period.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2021, the Group held cash at banks, financial institutions and cash on hand of HK\$67,799,566 (as at 31 March 2020: HK\$43,979,491), HK\$5,850,922 (as at 31 March 2020: HK\$1,744,886) and HK\$71,046 (as at 31 March 2020: HK\$73,987), respectively. Net current assets amounted to HK\$64,362,155 (as at 31 March 2020: HK\$41,913,097). Approximately 27% 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 2021, 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 2020: 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 during the Reporting Period. The share capital of the Company only comprises ordinary Shares.

As at 31 March 2021, 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 2021, the Group had 111 full-time employees (as at 31 March 2020: 111) 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 2021, total employee benefits expense (including Directors' emoluments) was HK\$17,678,446 (for the year ended 31 March 2020: HK\$13,629,050).

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 2021, the Group did not have any significant contingent liabilities (as at 31 March 2020: nil).

**CAPITAL COMMITMENT**

As at 31 March 2021, the Group did not have any significant capital commitment (as at 31 March 2020: nil).

**CHARGES ON ASSETS**

As at 31 March 2021, the Group did not have any material charges on assets (as at 31 March 2020: 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 2021, the Group did not have any significant investments. Save as disclosed in the implementation plan as disclosed in the Prospectus and the announcement on Change in Use of Proceed, 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 2021. However, the Directors will continue to monitor foreign exchange risk and will take prudent measure to minimise the currency translation risk. The Group will consider hedging significant foreign currencies when the need arises.

**DIVIDENDS**

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

## Management Discussion and Analysis

## USE OF PROCEEDS

The net proceeds from the Listing were approximately HK\$41.5 million (after deducting the underwriting fees and the listing expenses). The unutilized proceeds were placed with a bank in Hong Kong. On 10 August 2020, the Board has resolved to change the use of the unutilized net proceeds to allow the Company to deploy its financial resources more efficiently. For details, please refer to the Company's Announcement on Change in Use of Proceeds. Set forth below are details of the use of proceeds up to 31 March 2021:

Intended use of the net proceeds	Amount of net proceeds allocated at the Listing HK\$ million	Actual amount utilized from the date of Listing up to 10 August 2020 HK\$ million	Reallocation in use of unutilized net proceeds on 10 August 2020 HK\$ million	Amount of unutilized net proceeds after reallocation HK\$ million	Actual amount utilized up to 31 March 2021 HK\$ million	Unutilized net proceeds up to 31 March 2021 HK\$ million	Expected timeline for full utilization of the unutilized net proceeds (Note 1)
Developing innovative product offerings and enhance research and development capabilities	6.1	6.1	-	-	6.1	-	N/A
Apply for additional market data vendor licences and conduct further marketing activities	5.4	3.9	+5.3	6.8	6.7	4.0	September 2021
Expand the hardware infrastructure capacities and software portfolio	2.3	1.3	+2.3	3.3	2.8	1.8	September 2021
Recruit non-R&D staff and conduct staff trainings	3.0	2.8	-	0.2	3.0	-	N/A
Establish an R&D centre in the PRC	15.6	-	-15.6	-	-	-	N/A
Establish a marketing centre in Hong Kong	7.3	-	-7.3	-	-	-	N/A
Developing over-the-counter and grey market trading system (Note 3)	-	-	+6.7	6.7	-	6.7	September 2022
Developing initial public offer simulation subscription system	-	-	+5.6	5.6	2.5	3.1	September 2021
Applying licences and the daily operations of the subsidiary(ies) under the Capital Contribution Agreement (Note 2 & Note 3)	-	-	+3.0	3.0	-	3.0	September 2022
General working capital	1.8	1.8	-	-	1.8	-	N/A
	41.5	15.9	-	25.6	22.9	18.6	

## Notes:

- The expected timeline for utilizing the unutilized net proceeds is based on the best estimation of the future market conditions made by the Group. It is subject to change based on the current and future development of the market condition.
- Tele-Trend Konson (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement on 7 July 2020 for setting up subsidiaries which will principally engage in, inter-alia, the provision of over-the-counter services in Hong Kong securities.
- Although the progress of related work has been slowed down due to the COVID-19, we are still following up with such works actively.

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.

**EVENT AFTER THE REPORTING PERIOD**

On 9 April 2021, the Company entered into a placing agreement (the “**Placing Agreement**”) with the placing agent, Valuable Capital Limited (the “**Placing Agent**”), whereby the Company has conditionally agreed to place, through the Placing Agent, up to an aggregate of 100,000,000 shares of the Company (the “**Placing Shares**”) on a best effort basis to not less than six placees at a price of HK\$0.30 per Placing Share. All of the Placing Shares have been successfully placed by the placing Agent to not less than six placees at a price of HK\$0.30 per Placing Share and the Placing was completed on 22 April 2021. For details, please refer to the announcements of the Company dated 9 April 2021 and 22 April 2021.

Save as disclosed above, there is no other material event affecting the Group which has been occurred after the Reporting Period and up to the date of this report.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. LIU Yong (劉勇)**, aged 49, 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 48, 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 36, 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 44, 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 40, 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 (stock code: 2002). 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 (stock code: 1942) since April 2020. She was appointed as an independent director of Quhuo Ltd. (NASDAQ: QH) since July 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 61, 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 was appointed as an independent non-executive director of Get Nice Holdings Limited (stock code: 64) which is listed on the Stock Exchange in Hong Kong since 3 October 2005. Mr. Man has been involved in the investment and financial industries for over 42 years and has extensive experience in bullion, foreign exchange, securities, futures and asset management business. He has held various senior positions with prominent banks, international financial institutions and listed companies in Hong Kong.

**Dr. LOKE Yu (also known as LOKE Hoi Lam) (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 is a Fellow of The Institute of Chartered Accountants in England and Wales, The Hong Kong Institute of Certified Public Accountants, The Chartered Governance Institute and The Hong Kong Institute of Chartered Secretaries. He is 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), Times Universal Group Holdings Limited (stock code: 2310), Hang Sang (Siu Po) International Holding Company Limited (stock code: 3626), Matrix Holdings Limited (stock code: 1005), Tianjin Development Holdings Limited (stock code: 882), Crazy Sports Group Limited (stock code: 82), Zhenro Properties Group Limited (stock code: 6158) and China Silver Technology Holdings Limited (stock code: 515), and a non-executive director of Veson Holdings Ltd. (stock code: 1399) the shares of all of which are listed on the Main Board of the Stock Exchange. He was also formerly an independent non-executive director of CIMC-TianDa Holdings Company Limited (stock code: 445, de-listed on 25 January 2021) (formerly known as China Fire Safety Enterprise Group Holdings Limited), Lamtex Holdings Limited (stock code: 1041), Shenzhou Space Park Group Limited (stock code: 692) (formerly known as China Household Holdings Limited), China Beidahuang Industry Group Holdings Limited (stock code: 39), Tianhe Chemicals Group Limited (stock code: 1619, delisted on 11 June 2020) and Zhong An Group Limited (stock code: 672), 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 42, 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 39, 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 46, is the chief operating officer and chief financial 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 2021.

## PRINCIPAL ACTIVITIES

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

## BUSINESS REVIEW

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

- (a) review of the Company's business and financial position, and development and future prospects of the Company's business are shown in the "Chairman Statement" and "Management Discussion and Analysis" of this annual report;
- (b) the principal risks and uncertainties facing the Group are shown in the Notes to the consolidated financial statements, the "Management Discussion and Analysis" section and the section headed "Risks Relating to the Group's Business Include Primarily" below;
- (c) the Group's environmental policies and performance will be shown in the "Environmental, Social and Governance Report" to be published by the Company in a later time;
- (d) the Group's key relationships with employees, customers and suppliers will be shown in the "Environmental, Social and Governance Report" to be published by the Company in a later time and the section headed "Relationship with stakeholders" below;
- (e) the Group's compliance with the relevant laws and regulations are shown in the section headed "Compliance with laws and regulations" below and the "Environmental, Social and Governance Report" to be published by the Company in a later time; and
- (f) details of key performance indicators are shown in the "Highlights", "Management Discussion and Analysis" of this annual report and "An analysis using financial key performance indicators".

## An analysis using financial key performance indicators

	For the year ended 31 March		
	2021	2020	% of change
Revenue (HK\$)	<b>64,949,522</b>	51,752,730	25.5
Direct cost (HK\$)	<b>11,907,023</b>	14,982,032	(20.5)
R&D cost (HK\$)	<b>5,387,141</b>	4,344,707	24
Earnings per share (HK cent)	<b>4.3</b>	2.74	59.1
Bank balances and cash (HK\$)	<b>67,870,612</b>	44,053,478	54.1

### 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.

## **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 51 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 23 to the consolidated financial statements in this annual report.

## **DISTRIBUTABLE RESERVES**

As at 31 March 2021, the reserves of the Company available for distribution to Shareholders under the Companies Law of Cayman Islands amounted to HK\$37,689,020 (For the Corresponding Period: HK\$41,074,743).

## **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 23 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 108 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.

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 2021, 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 (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group and to promote the success of the business of the Group.

**(ii) Who may join and basis of eligibility**

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

**(iii) Maximum number of Shares**

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

**(iv) Maximum entitlement of each participant**

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

**(v) Acceptance of options**

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

**(vi) Time of exercise of option**

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

**(vii) Subscription price of Shares**

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

**(viii) Duration of the Share Option Scheme**

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

## SHARE AWARD SCHEME

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

For details of the Share Award Scheme, please refer to the announcements of the Company dated 19 December 2018, 21 January 2019, 1 February 2019, 28 February 2019, 7 March 2019, 12 March 2019, 14 March 2019, 28 March 2019, 9 April 2019, 4 July 2019, 22 August 2019 and 5 February 2021, respectively.

The Company shall comply with the relevant GEM Listing Rules on granting the awarded shares. As at 31 March 2021, 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. Save as disclosed in the Company’s announcement dated 5 February 2021, 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 2021 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)

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.

As such, Mr. WAN Yong, Mr. LIAO Jicheng and Dr. LOKE Yu will retire and, being eligible, Mr. WAN Yong, Mr. LIAO Jicheng and Dr. LOKE Yu will offer themselves for re-election at the forthcoming annual general meeting of the Company (the “**AGM**”).

## Directors' Report

### **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 notes 10 and 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**

The service agreements and letters of appointments of all the Directors have been extended to the date of the AGM to be held by the Company in 2021, 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' 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 2021.

**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 SFO).

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

As at 31 March 2021, 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	32,866,053	Long position	
	Interests held jointly with another person	74,039,137	Long position	
		<u>Total: 106,905,190</u>	Long position	21.38%

## Notes:

- As at 31 March 2021, 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 2021, 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 32,866,053 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.

Save as disclosed above and so far as is known to the Directors, as at 31 March 2021, 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 2021 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%
Joint Smart Global Limited (合智環球有限公司) <sup>(4)</sup>	Beneficial owner	32,866,053	Long position	6.57%
Mass Victory Ventures Limited (眾勝創投有限公司) <sup>(4)</sup>	Interest of a controlled corporation	32,866,053	Long position	6.57%
Ms. LIU Xiaoming <sup>(5)</sup>	Interest of spouse	228,303,791	Long position	45.66%
Ms. CHEN Zhaoxia <sup>(6)</sup>	Interest of spouse	106,905,190	Long position	21.38%
Ms. LU Ximeng <sup>(7)</sup>	Interest of spouse	74,039,137	Long position	14.81%
First Shanghai Securities Limited <sup>(8)</sup>	Trustee	25,000,000	Long position	5.00%

## Directors' Report

### Notes:

- (1). As at 31 March 2021, 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). 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.
- (5). 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.
- (6). 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.
- (7). 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.
- (8). 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 2021, 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 4.2% (For the Corresponding Period: approximately 8.3%) of the total revenue of the Group while the five largest customers of the Group in aggregate accounted for approximately 17.8% (For Corresponding Period: approximately 23.7%) of the total revenue of the Group. The Group's largest supplier contributed approximately 65% (For the Corresponding Period: approximately 40.5%) of the total purchase for the Reporting Period while the Group's five largest suppliers accounted for approximately 92.4% (For the Corresponding Period: approximately 84.6%) 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 2021, the Group has 111 full-time employees (For the Corresponding Period: 111) 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 35 to 45 of this annual report.

**COMPETING BUSINESS**

During the Reporting Period, 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**

Neither the Group's compliance adviser, Innovax Capital Limited, nor any of its directors, employees or close associates had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rule.

### **CONNECTED TRANSACTIONS**

The “related party transactions” as disclosed in note 23 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**

The Company entered into a placing agreement with the Placing Agent on 9 April 2021, pursuant to which, the Company has conditionally agreed to place, through the Placing Agent, up to an aggregate 100,000,000 Placing Shares to not less than six placees at a price of HK\$0.30 per Placing Shares. The Placing was completed on 22 April 2021 and all the Placing Shares have been successfully placed. For details, please refer to the announcements of the Company dated 9 April 2021 and 22 April 2021.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2021 and up to the date of this report.

### **CHANGE IN AUDITORS IN PRECEDING 3 YEARS**

SHINEWING (HK) CPA Limited was appointed as the auditor of the Company with effect from 6 March 2020 following the resignation of KPMG as the Company's auditor with effect from 6 March 2020. The consolidated financial statements for the year ended 31 March 2021 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.

### **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 2021

# 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, expect for the deviation from Code Provision A.2.1.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors by the Company, all the Directors had confirmed that they had been in compliance with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the 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 15 to 18 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 27 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, one board meeting was held on 18 June 2020 for approving, among other matters, the audited consolidated results of the Group for the year ended 31 March 2020 and three Board meetings were held for approving the unaudited consolidated results of the Group for the three months ended 30 June 2020, for the six months ended 30 September 2020 and for the nine months ended 31 December 2020. 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.

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

Name of Directors	Number of meetings attended/held				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	AGM
<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	0/1
<b>Independent Non-executive Directors</b>					
Ms. JIAO Jie	4/4	4/4	1/1	1/1	0/1
Mr. MAN Kong Yui	3/4	3/4	1/1	1/1	0/1
Dr. LOKE Yu	4/4	4/4	N/A	N/A	0/1

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/non-executive director of 10 listed companies and is satisfied with Dr. Loke Yu's time commitments to the affairs of the Company having regard to all relevant factors including the following:

- (a) based on the relevant attendance information contained in the published annual reports for the immediate preceding financial year of the listed companies in Hong Kong that he has directorship as at the date of this report;
- (b) Dr. Loke Yu is not preoccupied with any full-time work; and
- (c) high attendance records of Dr. Loke Yu at meetings of the Board and the committees of the Board.

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

## BOARD DIVERSITY POLICY

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

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

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

Furthermore, the Board has a wide range of age, ranging from 35 years old to 72 years old. The ages of two of the Directors are in the range of 31 to 40. The ages of three of the Directors are in the range of 41 to 50. The ages of other two Directors are above 51. 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, four meetings of the Audit Committee were held to review the audited results of the Group for the twelve months ended 31 March 2020, and the unaudited results for the three months ended 30 June 2020, for the six-month period ended 30 September 2020 and for the nine months ended 31 December 2020 with recommendations to the Board for approval, to review the effectiveness of the risk management and internal control systems of the Group, and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group’s accounting and financial reporting functions, to approve the fees, terms and conditions of engaging the Company’s external auditor.

## 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 and approve the audit fees for the Reporting Period;
- (3) to review with the external auditor the audited consolidated financial statements for the Reporting Period, with a recommendation to the Board for approval;
- (4) 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
- (5) to review the effectiveness of the risk management and internal control systems of the Group.

### Remuneration Committee

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

During the Reporting Period, one 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	3

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:

<b>Services rendered</b>	<b>Fees paid/ payable HK\$</b>
Audit services	
2021 annual audit	600,000

## **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 and chief financial 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 15 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 51 to 107, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, 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 61.*

**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 costs may be impaired. As at 31 March 2021, the carrying amount of capitalised development costs was HK\$15,129,796.

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 were designed 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 and completion reports 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 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 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 HKSA's 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 HKSA's, 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 2021

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$	2020 HK\$
<b>Revenue</b>	5	<b>64,949,522</b>	51,752,730
Direct costs		<b>(11,907,023)</b>	(14,982,032)
Other gains, net	6	<b>1,827,320</b>	3,276,102
Staff costs		<b>(17,717,233)</b>	(13,629,050)
Depreciation and amortisation		<b>(8,045,044)</b>	(5,569,363)
Selling, general and administrative expenses		<b>(6,937,358)</b>	(7,417,372)
Impairment losses (recognised) reversed on financial assets	9	<b>(125,854)</b>	25,434
Finance cost	7	<b>(132,121)</b>	(203,078)
<b>Profit before taxation</b>		<b>21,912,209</b>	13,253,371
Income tax expense	8	<b>(1,333,531)</b>	(228,266)
<b>Profit for the year</b>	9	<b>20,578,678</b>	13,025,105
<b>Other comprehensive income (expense)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<b>3,541,202</b>	(1,421,747)
<b>Total comprehensive income for the year</b>		<b>24,119,880</b>	11,603,358
<b>Earnings per share</b>			
Basic and diluted (HK cents)	13	<b>4.33</b>	2.74

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK\$	2020 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	14	661,430	884,565
Intangible assets	15	15,129,796	12,790,517
Right-of-use assets	16	1,700,350	3,666,874
Deferred tax assets	8	1,091,041	472,174
		<b>18,582,617</b>	17,814,130
<b>Current assets</b>			
Trade and other receivables	17	7,239,074	5,095,116
Amount due from a fellow subsidiary	18	167,765	139,265
Financial assets at fair value through profit or loss	19	6,599,324	9,998,323
Income tax recoverable		1,314,534	1,447,270
Cash and cash equivalents	20	73,721,534	45,798,364
		<b>89,042,231</b>	62,478,338
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	21	19,605,814	16,954,667
Lease liabilities	16	1,862,981	2,105,445
Tax payable		3,302,417	1,505,129
		<b>24,771,212</b>	20,565,241
<b>Net current assets</b>		<b>64,271,019</b>	41,913,097
<b>Total assets less current liabilities</b>		<b>82,853,636</b>	59,727,227
<b>Non-current liability</b>			
Lease liabilities	16	–	1,733,055
<b>Net assets</b>		<b>82,853,636</b>	57,994,172

## Consolidated Statement of Financial Position

At 31 March 2021

	<i>Note</i>	<b>2021 HK\$</b>	2020 HK\$
<b>Capital and reserves</b>			
Share capital	23(b)	<b>4,750,000</b>	4,750,000
Reserves		<b>78,103,636</b>	53,244,172
<b>Total equity</b>		<b>82,853,636</b>	57,994,172

The consolidated financial statements on pages 51 to 107 were approved and authorised for issue by the board of directors on 18 June 2021 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 2021

	Attributable to owners of the Company								
	Share capital HK\$ (Note 23(b))	Share premium HK\$ (Note 23(c))	Share Award Scheme ("SAS") reserve HK\$ (Note 23(d))	Employee share-based compensation reserve HK\$ (Note 23(e))	Translation reserve HK\$ (Note 23(f))	Merger reserve HK\$ (Note 23(g))	Other reserve HK\$ (Note 23(h))	(Accumulated losses) Retained earnings HK\$	Total HK\$
<b>At 1 April 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 (expense) income 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 22(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
Profit for the year	-	-	-	-	-	-	-	20,578,678	20,578,678
Other comprehensive income	-	-	-	-	3,541,202	-	-	-	3,541,202
Profit and total comprehensive income for the year	-	-	-	-	3,541,202	-	-	20,578,678	24,119,880
Equity-settled share-based transactions	-	-	-	739,584	-	-	-	-	739,584
<b>At 31 March 2021</b>	4,750,000	62,987,553	(14,087,420)	12,941,842	4,049,041	1,147,798	8,180,682	2,884,140	82,853,636

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 HK\$	2020 HK\$
OPERATING ACTIVITIES		
Profit before taxation	21,912,209	13,253,371
Adjustments for:		
Depreciation of property, plant and equipment	343,388	513,640
Depreciation of right-of-use assets	1,535,577	993,797
Amortisation of intangible assets	6,166,079	4,061,926
Interest income	(861,894)	(700,771)
Government grants	(598,319)	(2,395,054)
Equity-settled shared-based payments	739,584	347,597
Fair value (gain) loss on financial assets at fair value through profit or loss	(1,211,394)	121,765
Impairment losses recognised (reversed) financial assets	125,854	(25,434)
Finance cost	132,121	203,078
Operating profit before movements in working capital	28,283,205	16,373,915
Changes in working capital:		
(Increase) decrease in trade and other receivables	(2,329,431)	819,793
Increase (decrease) in trade and other payables and contract liabilities	2,732,086	(315,229)
(Increase) decrease in amount due from a fellow subsidiary	(28,500)	232,588
Cash generated from operations	28,657,360	17,111,067
Tax refunded, net	184,858	455,220
NET CASH FROM OPERATING ACTIVITIES	28,842,218	17,566,287
INVESTING ACTIVITIES		
Payment for the purchase of property, plant and equipment	(59,468)	(24,972)
Addition in intangible assets	(6,749,978)	(8,977,078)
Payment for financial assets at FVTPL	(8,416,200)	(12,756,058)
Proceeds from sales of financial assets at FVTPL	13,026,593	2,364,769
Repayment from a director	-	112,150
Interest received	861,894	808,278
NET CASH USED IN INVESTING ACTIVITIES	(1,337,159)	(18,472,911)

## Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK\$	2020 HK\$
FINANCING ACTIVITIES		
Purchase of the Company's shares for SAS	–	(1,892,041)
Interest paid	<b>(132,121)</b>	(203,078)
Repayment of lease liabilities	<b>(2,268,365)</b>	(1,762,678)
Government grants received	<b>598,319</b>	2,395,054
NET CASH USED IN FINANCING ACTIVITIES	<b>(1,802,167)</b>	(1,462,743)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<b>25,702,892</b>	(2,369,367)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<b>45,798,364</b>	48,918,156
Effect of foreign exchange rate changes	<b>2,220,278</b>	(750,425)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	<b>73,721,534</b>	45,798,364

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

## 1. GENERAL INFORMATION

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 addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company and the principal activities of the Company’s subsidiaries are set out in note 28(a).

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.

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

In the current year, the Group has applied, for its first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to 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 2021

**2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) (CONTINUED)****New and amendments to HKFRSs issued but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 17	Insurance Contracts and related Amendments <sup>5</sup>
Amendments to HKFRS 3	Reference to Conceptual Framework <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>5</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>5</sup>
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use <sup>3</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>3</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>5</sup>
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions <sup>4</sup>
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021 <sup>6</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle <sup>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>6</sup> Effective for annual periods beginning on or after 1 April 2021.

The directors of the Company anticipate that the application of the new and amendments to 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 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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.

For the year ended 31 March 2021

### 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.

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Intangible assets**

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Expenditure on research activities 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.

For the year ended 31 March 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) 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.

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

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. For certain new customers, the Group receives 25% of the contract values as initial payments when they sign the contracts for provision of front office trading system services.

*(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) Software as a Service services ("**SaaS services**")*

SaaS services refer to provision of online account opening appointment service and licence of right to use of the Group's open securities trading platform software "TradeGo Pro". Revenue from provision of SaaS services are recognised over time on a straight-line basis during the contract period.

*(iv) Hosting and cloud infrastructure services*

Revenue from cloud infrastructure and hosting service is recognised over time on a straight-line basis during the contract period.

*(v) Other value added services*

Other value added services include primarily online advertising service, simulation trading platform service, two-factor authentication service and customised software development service. Except for revenue from 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.

**(f) Contract liabilities**

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. 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.

For the year ended 31 March 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) Leasing

##### *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 from the commencement date and do not contain a purchase option) 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 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.

##### *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.

#### (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 2021

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

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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.

For the year ended 31 March 2021

### 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).

##### (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 "Employee share-based compensation reserve".

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 "Employee 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 retained earnings.

Shares held by a controlled structured entity of the Group (see note 3(b)) to meet obligations under share-based payment arrangements (see note 22(b)) are accounted for as treasury shares in the consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(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 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.

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(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

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

**(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. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 3(q).

**(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. The Group's financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss ("FVTPL").

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

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.

## (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).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

## Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (“**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 designated debt instruments as at FVTPL.

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” line item. Fair value is determined in the manner described in note 24(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 receivables. 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 2021

**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 30 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 debt instrument has not increased significantly since initial recognition if the debt 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 debt instrument 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 2021

**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 2021

**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.

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*

The Group's 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 2021

**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) Fair value measurement**

When measuring fair value, except for the Group's leasing transactions, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1	–	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	–	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	–	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE 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.

**Key source of estimation uncertainty***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 2021, a deferred tax asset of HK\$1,076,930 (2020: HK\$458,063) 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\$2,839,491 (2020: HK\$9,472,178) 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 2021

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

The principal activities of the Group are the provision of front office trading system services, market data services, SaaS services, hosting and cloud infrastructure services and other value added services to its customers.

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

	2021 HK\$	2020 HK\$
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major services lines		
– Front office trading system services	23,569,280	22,389,116
– Market data services	14,427,485	13,311,886
– SaaS services	19,032,935	4,958,412
– Hosting and cloud infrastructure services	4,586,754	4,162,282
– Other value added services	3,333,068	6,931,034
	<b>64,949,522</b>	<b>51,752,730</b>

**Disaggregation of revenue by timing of recognition**

	2021 HK\$	2020 HK\$
At a point in time	10,389,591	15,381,126
Over time	54,559,931	36,371,604
	<b>64,949,522</b>	<b>51,752,730</b>

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 2021 and 2020. Details of concentrations of credit risk arising from the Group's largest customer are set out in note 24(a).

**Segment information**

The Group has one reportable segment and the Group's chief operating decision maker, which has been identified as the executive directors of the Company, 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, is based on the physical locations of the operations to which they are allocated.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

	Revenue from external customers during the years ended 31 March		Specified non-current assets as at 31 March	
	2021	2020	2021	2020
	HK\$	HK\$	HK\$	HK\$
Hong Kong (place of domicile)	52,696,253	43,958,583	231,274	499,539
The PRC	12,253,269	7,794,147	17,260,302	16,842,417
	<b>64,949,522</b>	51,752,730	<b>17,491,576</b>	17,341,956

**6. OTHER GAINS, NET**

	2021	2020
	HK\$	HK\$
Net exchange (loss) gain	(856,401)	193,129
Government subsidy and grants ( <i>note</i> )	598,319	2,395,054
Interest income	861,894	700,771
Fair value gain (loss) on financial assets at FVTPL	1,211,394	(121,765)
Sundry income	12,114	108,913
	<b>1,827,320</b>	3,276,102

*Note:* During the years ended 31 March 2021 and 2020, the Group successfully applied for several funding support of HK\$436,994 (2020: HK\$2,395,054) from the municipal government of Shenzhen and Hong Kong. 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.

In addition, during the year ended 31 March 2021, the Group recognised government grants of HK\$161,325 (2020: nil) in respect of COVID-19-related subsidies related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund.

There were no unfulfilled conditions and other contingencies attached to the receipts of these grants.

**7. FINANCE COST**

	2021	2020
	HK\$	HK\$
Interest on lease liabilities	132,121	203,078

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**8. INCOME TAX EXPENSE**

	2021 HK\$	2020 HK\$
Current year taxation		
Hong Kong Profits Tax	317,594	199,190
PRC Enterprise Income Tax	1,577,728	375,428
Deferred taxation	(561,791)	(346,352)
	<b>1,333,531</b>	228,266

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 2021 is calculated at 8.25% (2020: 8.25%) of the first \$2,000,000 and 16.5% (2020: 16.5%) of the remaining estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 100% (2020: 75%) of the tax payable for the year of assessment 2020/21 subject to a maximum reduction of \$20,000 (2019/20: \$20,000) for each Company.

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 years ended 31 March 2021 and 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 and renewed for further three years ending December 2023. Therefore, Tele-Trend Konson SZ was entitled to a preferential income tax rate of 15% for the calendar years 2019, 2020 and 2021.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

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

	2021 HK\$	2020 HK\$
Profit before taxation	21,912,209	13,253,371
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	5,625,716	3,626,171
Tax effect of expenses not deductible for tax purposes	733,998	1,077,731
Tax effect of income not taxable for tax purposes	(96,015)	(68,977)
Utilisation of tax loss previously not recognised	(1,806,949)	(2,853,026)
Tax effect of tax loss not recognised	–	457,897
Super deduction of research and development costs ( <i>note</i> )	(1,652,973)	(1,576,244)
Income tax on concessionary expense	(165,000)	(165,000)
Effect of tax exemption granted	(20,000)	(20,000)
PRC Corporate Income Tax concessionaries	(1,285,246)	(250,286)
Income tax expense for the year	1,333,531	228,266

*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 ended 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 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
Credited to profit or loss	561,791	–	561,791
Translation differences	57,076	–	57,076
At 31 March 2021	1,076,930	14,111	1,091,041

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\$19,879,746 (2020: HK\$8,894,674) 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

The Group had unused tax losses of HK\$7,147,211 (2020: HK\$11,304,430) as at 31 March 2021, available for offsetting against future profits. Deferred tax asset of HK\$1,076,930 (2020: HK\$458,063) had been recognised on tax losses of HK\$4,307,720 (2020: HK\$1,832,252). No deferred tax asset has been recognised on the remaining tax losses of HK\$2,839,491 (2020: HK\$9,472,178) due to the unpredictability of future profit streams. The tax losses will be expired as follows:

	2021 HK\$	2020 HK\$
2021	–	870,270
2022	–	3,937,634
2023	–	–
2024	<b>1,431,800</b>	3,372,565
2025	<b>3,395,853</b>	3,123,961
2026	<b>2,319,558</b>	–
	<b>7,147,211</b>	11,304,430

**9. PROFIT FOR THE YEAR**

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

	2021 HK\$	2020 HK\$
Staff costs		
– Salaries and other benefits	<b>13,636,696</b>	10,211,189
– Retirement benefit scheme contributions	<b>474,719</b>	476,567
– Equity-settled share-based payments	<b>739,584</b>	347,597
Total staff costs (excluding directors' remuneration (note 10)) (note (i))	<b>14,850,999</b>	11,035,353
Impairment losses recognised (reversed) on trade receivables, net	<b>125,854</b>	(25,434)
Amortisation of intangible assets	<b>6,166,079</b>	4,061,926
Depreciation of property, plant and equipment	<b>343,388</b>	513,640
Depreciation of right-of-use assets (note (ii))	<b>1,535,577</b>	993,797
Total depreciation and amortisation	<b>8,045,044</b>	5,569,363
Auditor's remuneration	<b>600,000</b>	600,000
Research and development expenses recognised as an expense (note (iii))	<b>5,387,141</b>	4,945,314

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

Notes:

- (i) The total staff costs for the year ended 31 March 2021 is HK\$21,600,977 (2020: HK\$20,012,431), of which HK\$6,749,978 (2020: HK\$8,977,078) is capitalised as development costs.
- (ii) The total depreciation of right-of-use assets for the year ended 31 March 2021 is HK\$2,175,984 (2020: HK\$1,938,940), of which HK\$640,407 (2020: HK\$945,143) is capitalised as development costs.
- (iii) The total research and development cost for the year ended 31 March 2021 is HK\$12,777,526 (2020: HK\$14,867,535), comprising staff costs and depreciation of right-of-use assets of HK\$11,541,024 and HK\$1,236,502 respectively, of which HK\$6,749,978 (2020: HK\$8,977,078) and HK\$640,407 (2020: HK\$945,143) respectively are capitalised as development costs.

**10. DIRECTORS' EMOLUMENTS**

The emoluments paid or payable to each of the seven (2020: seven) directors including the chief executive officer (“CEO”) of the Company were as follows:

**Year ended 31 March 2021**

	Directors' fee HK\$	Salaries and allowance 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)	-	900,147	-	27,048	-	927,195
Liao Jicheng	-	748,878	-	27,048	-	775,926
Wan Yong	-	554,065	-	9,048	-	563,113
<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	2,203,090	-	63,144	-	2,866,234

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

## 10. DIRECTORS' EMOLUMENTS (CONTINUED)

### Year ended 31 March 2020

	Directors' fee HK\$	Salaries and allowance 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:

- (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 2021 and 2020. No director waived or agreed to waive any emoluments during the years ended 31 March 2021 and 2020.
- (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 (2020: 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 (2020: two) individuals were as follows:

	2021 HK\$	2020 HK\$
Salaries, allowances and other benefits	816,000	816,000
Discretionary bonus	122,076	26,500
Retirement scheme contributions	36,000	36,000
Share-based payments	318,099	225,000
	1,292,175	1,103,500

Their emoluments were within the following band:

	2021 No. of employees	2020 No. of employees
Nil to HK\$1,000,000	2	2

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**12. DIVIDENDS**

No dividend was paid or proposed for shareholders of the Company during the years ended 31 March 2021 and 2020, nor has any dividend been proposed after the end of reporting period.

**13. EARNINGS PER SHARE**

The calculation of the basic earnings per share is based on the profit for the year attributable to equity shareholders of the Company of HK\$20,578,678 (2020: HK\$13,025,105), and the weighted average number of ordinary shares of approximately 475,000,000 (2020: 475,276,000) in issue, taking into consideration of the effect of the shares held for the Share Award Scheme (defined in note 23(b)).

	2021 HK\$	2020 HK\$
Profit attributable to ordinary equity shareholders of the Company	<b>20,578,678</b>	13,025,105

During the years ended 31 March 2021 and 2020, diluted earnings per share is calculated on the same basis as basic earnings per share. As at 31 March 2021 and 2020, the conditions attached to the awarded shares were not met, the awarded shares were not included in the calculation of diluted earnings per share.

**14. PROPERTY, PLANT AND EQUIPMENT**

	Computer equipment HK\$	Office equipment HK\$	Total HK\$
<b>COST</b>			
At 1 April 2019	2,919,521	649,939	3,569,460
Additions	11,684	13,288	24,972
Exchange realignment	(189,076)	(36,314)	(225,390)
At 31 March 2020	<b>2,742,129</b>	<b>626,913</b>	<b>3,369,042</b>
Additions	<b>23,471</b>	<b>35,997</b>	<b>59,468</b>
Exchange realignment	<b>182,752</b>	<b>53,044</b>	<b>235,796</b>
At 31 March 2021	<b>2,948,352</b>	<b>715,954</b>	<b>3,664,306</b>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 April 2019	1,886,883	185,984	2,072,867
Charge for the year	426,885	86,755	513,640
Exchange realignment	(83,094)	(18,936)	(102,030)
At 31 March 2020	<b>2,230,674</b>	<b>253,803</b>	<b>2,484,477</b>
Charge for the year	<b>194,297</b>	<b>149,091</b>	<b>343,388</b>
Exchange realignment	<b>157,490</b>	<b>17,521</b>	<b>175,011</b>
At 31 March 2021	<b>2,582,461</b>	<b>420,415</b>	<b>3,002,876</b>
<b>NET CARRYING VALUES</b>			
At 31 March 2021	<b>365,891</b>	<b>295,539</b>	<b>661,430</b>
At 31 March 2020	511,455	373,110	884,565

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**15. INTANGIBLE ASSETS**

	<b>Internally developed software systems HK\$</b>
<b>COST</b>	
At 1 April 2019	13,813,827
Additions through internal development	9,922,221
Exchange realignment	(1,177,787)
At 31 March 2020	<b>22,558,261</b>
Additions through internal development	<b>7,390,385</b>
Exchange realignment	<b>2,138,913</b>
At 31 March 2021	<b>32,087,559</b>
<b>ACCUMULATED AMORTISATION</b>	
At 1 April 2019	6,241,173
Charge for the year	4,061,926
Exchange realignment	(535,355)
At 31 March 2020	<b>9,767,744</b>
Charge for the year	<b>6,166,079</b>
Exchange realignment	<b>1,023,940</b>
At 31 March 2021	<b>16,957,763</b>
<b>NET CARRYING VALUES</b>	
At 31 March 2021	<b>15,129,796</b>
At 31 March 2020	12,790,517

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

	<b>Buildings HK\$</b>
<b>COST</b>	
At 1 April 2019	5,443,391
Addition	469,711
Exchange realignment	(363,353)
At 31 March 2020	5,549,749
Exchange realignment	436,956
At 31 March 2021	5,986,705
<b>ACCUMULATED DEPRECIATION</b>	
At 1 April 2019	–
Charge for the year	1,938,940
Exchange realignment	(56,065)
At 31 March 2020	1,882,875
Charge for the year	2,175,984
Exchange realignment	227,496
At 31 March 2021	4,286,355
<b>NET CARRYING VALUES</b>	
At 31 March 2021	1,700,350
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 (2021:nil) due to new leases of buildings.

**(ii) Lease liabilities**

	<b>31/3/2021 HK\$</b>	<b>31/3/2020 HK\$</b>
Non-current	–	1,733,055
Current	1,862,981	2,105,445
	<b>1,862,981</b>	<b>3,838,500</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

	31/3/2021 HK\$	31/3/2020 HK\$
Within one year	1,862,981	2,105,445
After one year but within two years	–	1,733,055
	1,862,981	3,838,500
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,862,981)	(2,105,445)
Amount due for settlement after 12 months	–	1,733,055

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

	Year ended	
	31/3/2021 HK\$	31/3/2020 HK\$
Depreciation expense on right-of-use assets before capitalisation: – Buildings	2,175,984	1,938,940
Less: Amount capitalised	(640,407)	(945,143)
Amount recognised in profit or loss	1,535,577	993,797
Interest expense on lease liabilities	132,121	203,078
Expense relating to short-term leases	–	416,000

**(v) Others**

During the year ended 31 March 2021, the total cash outflow for leases amounted to HK\$2,400,486 (2020: HK\$2,381,756).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**17. TRADE AND OTHER RECEIVABLES**

	2021 HK\$	2020 HK\$
Trade receivables, net of loss allowance	<b>3,669,586</b>	3,123,174
Deposits and other receivables, net of loss allowance	<b>856,990</b>	1,057,904
	<b>4,526,576</b>	4,181,078
Prepaid expenses	<b>2,712,498</b>	914,038
Trade and other receivables	<b>7,239,074</b>	5,095,116

At 31 March 2021, except for rental deposit of HK\$367,334 (2020: HK\$367,239), 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 2021, the gross amount of trade receivables arising from contracts with customers amounted to HK\$4,017,937 (2020: HK\$3,345,671).

**Ageing analysis of trade receivables**

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

	2021 HK\$	2020 HK\$
Within 1 month	<b>1,910,781</b>	1,887,365
1 to 3 months	<b>1,306,398</b>	1,145,505
3 to 6 months	<b>322,118</b>	90,301
Over 6 months	<b>130,289</b>	3
	<b>3,669,586</b>	3,123,174

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 24(a).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

The amount is interest-free, unsecured and repayable on demand.

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

	2021 HK\$	2020 HK\$
Listed equity investments in Hong Kong	6,599,324	9,819
Derivative — Foreign currency forward contract	—	53,249
Unlisted fund investment in the PRC	—	9,935,255
	<b>6,599,324</b>	<b>9,998,323</b>

The fair values of the listed equity investments is determined based on quoted market prices at the end of the reporting period.

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 (2021: nil). Details of the fair value measurement of the financial assets at FVTPL are set out in note 24(d). The unlisted fund investment was redeemed during the year ended 31 March 2021.

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

	2021 HK\$	2020 HK\$
Cash at banks, financial institutions and on hand	<b>73,721,534</b>	45,798,364

Bank balances carried interest at market rates ranged from 0.01% to 0.07% (2020: 0.002% to 0.3%) per annum as at 31 March 2021. As at 31 March 2021, the Group's cash and cash equivalents included balances of HK\$48,237,495 (2020: HK\$13,128,362), 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 2021

**20. 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.

	<b>Lease liabilities HK\$</b>
At 1 April 2019	5,443,391
Changes from financing cash flows:	
– Payment of lease liabilities	(1,762,678)
– Payment of interest on lease liabilities	(203,078)
	3,477,635
Non-cash changes:	
Addition of lease	469,711
Exchange realignment	(311,924)
Finance costs incurred	203,078
	3,838,500
At 31 March 2020	3,838,500
Changes from financing cash flows:	
– Payment of lease liabilities	(2,268,365)
– Payment of interest on lease liabilities	(132,121)
	1,438,014
Non-cash changes:	
Exchange realignment	292,846
Finance costs incurred	132,121
	1,862,981
At 31 March 2021	1,862,981

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

	2021 HK\$	2020 HK\$
Trade payables	1,337,837	1,949,423
Contract liabilities	11,964,959	8,565,758
Other payables and accrued liabilities	6,303,018	6,439,486
	<b>19,605,814</b>	16,954,667

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:**

	2021 HK\$	2020 HK\$
Within 1 month	744,027	1,339,296
1 to 2 months	593,810	610,127
	<b>1,337,837</b>	1,949,423

**(b) Contract liabilities**

For certain front office trading system services and other services, the Group normally requires advance payment from the certain new 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:

	2021 HK\$	2020 HK\$
Revenue recognised that was included in the contract liabilities at the beginning of the year	(8,565,758)	(6,569,150)
Increase due to cash received, excluding amounts recognised as revenue during the year	11,964,959	8,565,758

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**22. 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 Group’s reorganisation (“**Reorganisation**”) set out in the Company’s prospectus dated 17 September 2018, 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 years ended 31 March 2016 and 2017, certain employees holding 58 restricted shares in total left the Group and the restricted shares granted to them lapsed accordingly. The remaining 537 restricted shares in Tele-Trend Konson upon completion of the Company’s IPO.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**22. 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 (2021: nil) ordinary shares of the Company on the Stock Exchange at prices ranging from HK\$0.506 to HK\$0.663 (2021: nil) per share at a total consideration of HK\$1,892,041 (2021: nil).

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	
	2021	2020	2021	2020
At 1 April	25,000,000	21,816,000	8,000,000	–
Purchased	–	3,184,000	–	–
Granted (note (a))	–	–	12,000,000	8,000,000
At 31 March	25,000,000	25,000,000	20,000,000	8,000,000

Note:

- (a) On 5 February 2021 (the "Grant Date I"), 12,000,000 shares are granted to the Group's sixteen selected employees under the Share Award Scheme, of which the grantees shall contribute HK\$0.5735 per share. The granted shares represent approximately 2.4% of the total number of shares of the Company in issue as at the Grant Date I. At the Grant Date I, the estimated fair value of the awarded shares granted, amounting to HK\$2,229,600, is measured through Binomial model method with time to maturity of 2 years resulting in fair value of HK\$0.19 per granted share on Grant Date I. The granted shares will be vested after two years since the date of grant under certain conditions. Share-based compensation expenses of HK\$167,984 (2020: nil) were recognised by the Group under "staff costs" during the year ended 31 March 2021.

On 22 August 2019 (the "Grant Date II"), 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 II. At the Grant Date II, the estimated fair value of the awarded shares granted, amounting to HK\$1,143,000 is measured through Binomial model with time to maturity of 2 years resulting in fair value of HK\$0.14 per granted share on the Grant Date II. The granted shares will be vested after two years since the date of grant under certain conditions. Share-based compensation expenses of HK\$571,600 (2020: HK\$347,597) were recognised by the Group under "staff costs" during the year ended 31 March 2021.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**22. 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:

	5 February 2021	22 August 2019
Share price	HK\$0.4900	HK\$0.4400
Exercise price	HK\$0.5735	HK\$0.5735
Knock-in price	HK\$0.6400	HK\$0.6400
Expected volatility	79%	73%
Expected life	2 years	2 years
Risk-free rate	0.13%	1.61%
Expected dividend yield	0%	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. 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 awarded shares. The variables and assumptions used in computing the fair value of the award shares are based on the directors' best estimate. The value of an award share varies with different variables of certain subjective assumptions.

**23. 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 23(b))	Share premium HK\$ (Note 23(c))	SAS reserve HK\$ (Note 23(d))	Employee share-based compensation reserve HK\$	Accumulated losses HK\$	Other reserve HK\$ (Note 23(h))	Total equity HK\$
<b>At 1 April 2019</b>	4,781,840	62,987,553	(12,227,219)	-	(7,402,244)	16,369,912	64,509,842
Loss and total comprehensive expense 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>
Loss and total comprehensive expense for the year	-	-	-	-	(4,125,307)	-	(4,125,307)
Equity-settled share-based transactions	-	-	-	739,584	-	-	739,584
<b>At 31 March 2021</b>	<b>4,750,000</b>	<b>62,987,553</b>	<b>(14,087,420)</b>	<b>1,087,181</b>	<b>(17,048,294)</b>	<b>16,369,912</b>	<b>54,058,932</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**23. CAPITAL AND RESERVES (CONTINUED)****(b) Share capital**

Share capital as at 31 March 2021 and 2020 included in the consolidated statement of financial position represents the share capital of the Company as follows:

	At 31 March 2021		At 31 March 2020	
	Number of shares	HK\$	Number of shares	HK\$
Issued and fully paid:				
– Shares	500,000,000	5,000,000	500,000,000	5,000,000
– Shares held for Share Award Scheme	(25,000,000)	(250,000)	(25,000,000)	(250,000)
<b>At 31 March</b>	<b>475,000,000</b>	<b>4,750,000</b>	475,000,000	4,750,000

The movements of the share capital during the year are as follow:

	Authorised		Issued and fully paid	
	Number of shares	HK\$	Number of shares	HK\$
At 1 April 2019	2,000,000,000	20,000,000	478,184,000	4,781,840
Purchase of shares for Share Award Scheme (Note 22(b))	–	–	(3,184,000)	(31,840)
<b>At 31 March 2020 and 2021</b>	<b>2,000,000,000</b>	<b>20,000,000</b>	<b>475,000,000</b>	<b>4,750,000</b>

**(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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**23. CAPITAL AND RESERVES (CONTINUED)****(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.

**(h) Other reserve**

Other reserve mainly 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.

**(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.

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

	2021 HK\$	2020 HK\$
<b>Financial assets</b>		
Financial assets at amortised cost (including cash and cash equivalents)	<b>78,415,875</b>	50,118,707
Financial assets at FVTPL	<b>6,599,324</b>	9,998,323
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	<b>7,640,855</b>	8,388,909

The Group's major financial instruments include financial asset at FVTPL, trade receivables, other receivables, amount due from 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 2021

**24. 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 (2020: none) of the total trade receivables was due from the Group's largest customer and 39% (2020: 21%) 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 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 2021, loss allowance of HK\$348,351 (2020: HK\$222,497) was recognised with respect to the Group's trade receivables, of which trade receivables of HK\$186,709 (2020: 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 as at 31 March 2021 and 2020 is as follows:

As at 31 March 2021:

	ECL rate %	Gross carrying amount HK\$	Loss allowance HK\$	Carrying amount, net of loss allowance HK\$
Not past due	0.2%	95,730	(191)	95,539
Past due less than 1 month	0.2%	1,818,874	(3,632)	1,815,242
Past due 1 to 3 months	0.6%	1,314,600	(8,202)	1,306,398
Past due 3 to 6 months	21.4%	410,007	(87,889)	322,118
Past due over 6 months	32.1%	192,017	(61,728)	130,289
		<b>3,831,228</b>	<b>(161,642)</b>	<b>3,669,586</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

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
		<u>3,158,962</u>	<u>(35,788)</u>	<u>3,123,174</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:

	Lifetime ECL (not credit- impaired) HK\$	Lifetime ECL (credit- impaired) HK\$	Total HK\$
As at 1 April 2019	61,222	186,709	247,931
Reversal of impairment loss	(25,434)	–	(25,434)
As at 31 March 2020	35,788	186,709	222,497
Allowance for impairment loss	125,854	–	125,854
As at 31 March 2021	<u>161,642</u>	<u>186,709</u>	<u>348,351</u>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

Other financial assets mainly comprised of non-trade amount due from a fellow subsidiary 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 other 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 2021</b>			
Gross amount			
– Deposits and other receivables	856,990	1,088,000	1,944,990
– Amount due from a fellow subsidiary	167,765	–	167,765
Loss allowance	–	(1,088,000)	(1,088,000)
Carrying amount, net of loss allowance	1,024,755	–	1,024,755
	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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**24. 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 these other financial assets during the years is as follows:

Balance at 1 April 2019	782,000
Impairment losses recognised during the year	306,000
	<hr/>
Balance at 31 March 2020 and 2021	1,088,000
	<hr/>

**(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 2021	Less than 1 year HK\$	1–2 years HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
Lease liabilities	1,892,503	–	1,892,503	1,862,981
	<hr/>			<hr/>
At 31 March 2020	Less than 1 year HK\$	1–2 years HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
Lease liabilities	2,232,027	1,760,558	3,992,585	3,838,500
	<hr/>			<hr/>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**24. 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 2021</b>		
Trade and other receivables	–	–
Cash and cash equivalents	3,788,551	2,420,031
Trade and other payables	(111,355)	–
Net exposure arising from recognised assets and liabilities	<b>3,677,196</b>	<b>2,420,031</b>

	Exposure to foreign currencies (expressed in HK\$)	
	RMB	HK\$
	HK\$	HK\$
At 31 March 2020		
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>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**24. 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 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 2021		31 March 2020	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax HK\$	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax HK\$
RMB	5% (5)%	153,523 (153,523)	5% (5)%	97,524 (97,524)
HK\$	5% (5)%	90,751 (90,751)	5% (5)%	143,933 (143,933)

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. The analysis is performed on the same basis for the years ended 31 March 2021 and 2020.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**24. 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
		31/3/2021	31/3/2020			
		HK\$	HK\$			
Financial assets at fair value through profit or loss						
- Listed equity investments	Level 1	6,599,324	9,819	Quoted bid prices in an active market	N/A	N/A
- Foreign currency forward contract	Level 2	-	53,249	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	-	9,935,255	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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**24. 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 2019	–
Acquisition	10,093,500
Fair value gain recognised in other gains, net	112,957
Exchange realignment	(271,202)
	<hr/>
As at 31 March 2020	9,935,255
Fair value gain recognised in other gains, net	115,414
Redemption	(10,050,669)
	<hr/>
As at 31 March 2021	<hr/> <b>–</b> <hr/>

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 2021 and 2020.

**25. MATERIAL RELATED PARTY TRANSACTIONS**

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

	<i>Notes</i>	<b>2021</b> <b>HK\$</b>	2020 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>2,165,034</b>	466,986
Amount due from a subsidiary		<b>14,960,653</b>	17,444,859
Cash and cash equivalents		<b>15,017,492</b>	24,241,019
Financial assets at FVTPL		<b>6,599,324</b>	9,819
		<b>38,742,503</b>	42,162,683
<b>Current liability</b>			
Trade and other payables		<b>1,059,181</b>	1,093,638
<b>Net current assets</b>		<b>37,683,322</b>	41,069,045
<b>Net assets</b>		<b>54,058,932</b>	57,444,655
<b>Capital and reserves</b>			
Share capital	23(b)	<b>4,750,000</b>	4,750,000
Reserves	23(a)	<b>49,308,932</b>	52,694,655
<b>Total equity</b>		<b>54,058,932</b>	57,444,655

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

**27. 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 all qualifying employees in Hong Kong 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\$1,172,397 (2020: HK\$1,001,053) in which the cost charged to profit or loss amounted to HK\$537,863 (2020: HK\$548,707) for the year ended 31 March 2021 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 2021

**28. 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
			2021	2020	2021		2020		
					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) (深圳市新蜂網絡科技有限公司) (Note)	The PRC	The PRC	Registered capital RMB5,000,000	Registered capital RMB5,000,000	-	100%	-	100%	Development of computer hardware and software technology

Notes:

- (i) This entity is wholly foreign owned entity.
- (ii) These entities are domestic enterprises.

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 2021

**28. PRINCIPAL SUBSIDIARIES AND A CONTROLLED STRUCTURED ENTITY****(a) Principal subsidiaries (continued)**

At the end of the reporting period, the Group has other subsidiaries that are not individually material to the Group. Details of these subsidiaries are set out as follows:

Principal activity	Principal place of business	Number of subsidiaries	
		2021	2020
Inactive	Hong Kong	2	–

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

**(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 22(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.

**29. 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 (2021: nil) were recognised at the commencement of the lease.

**30. EVENT AFTER THE REPORTING PERIOD**

On 9 April 2021, the Company entered into a placing agreement with a placing agent whereby the Company has conditionally agreed to place, through the placing agent, up to an aggregate of 100,000,000 placing shares on a best effort basis to not less than six placees at a price of HK\$0.30 per placing share. The placing condition has been fulfilled and the placing has been completed on 22 April 2021. The net proceeds from the placing (after deduction of commission and other expenses of the placing) amounted to approximately HK\$29.7 million. Details of the placing are set out in the Group’s announcements dated on 9 April 2021 and 22 April 2021.

## 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				
	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Revenue	<b>64,949,522</b>	51,752,730	46,311,429	43,209,034	40,397,644
Profit/(loss) before taxation	<b>21,912,209</b>	13,253,371	(16,892,454)	643,186	(75,402)
Income tax expense	<b>1,333,531</b>	228,266	805,286	1,712,534	2,552,850
Profit/(loss) for the year	<b>20,578,678</b>	13,025,105	(17,697,740)	(1,069,348)	(2,628,252)
Other comprehensive (expense) income, net of tax	<b>3,541,202</b>	(1,421,747)	(72,614)	385,519	388,775
Total comprehensive income/ (expense) for the year	<b>24,119,880</b>	11,603,358	(17,770,354)	(683,829)	(2,239,477)

### ASSETS AND LIABILITIES

	As at 31 March				
	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Total assets	<b>107,624,848</b>	80,292,468	66,920,949	35,938,685	32,930,442
Total liabilities	<b>24,771,212</b>	22,298,296	18,985,091	21,862,094	19,211,600
Total equity	<b>82,853,636</b>	57,994,172	47,935,258	14,076,591	13,718,842

Notes to the five-year financial summary:

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