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Novacon Technology Group Limited
連成科技集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8635)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2021

The board (the “**Board**”) of directors (the “**Director(s)**”) of Novacon Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2021 (the “**Annual Results**”). This announcement, containing the full text of annual report of the Company for the year ended 31 March 2021 (the “**2021 Annual Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of the Annual Results. The 2021 Annual Report shall be dispatched to the Company’s shareholders and available for viewing on the GEM website at www.hkgem.com and the Company’s website at www.novacontechgroup.com, respectively, in due course.

By order of the Board
Novacon Technology Group Limited
Wei Ming
Chairman and non-executive Director

Hong Kong, 18 June 2021

As at the date of this announcement, the Board comprises Mr. Chung Chau Kan as an executive Director and the chief executive officer and Mr. Wong Wing Hoi as an executive Director; Mr. Wei Ming as the chairman of the Board and a non-executive Director; and Mr. Moo Kai Pong, Mr. Lo Chi Wang and Mr. Wu Kin San Alfred as the independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and will also be published on the Company’s website at www.novacontechgroup.com.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chung Chau Kan (*Chief Executive Officer*)

Mr. Wong Wing Hoi

Non-executive Director

Mr. Wei Ming (*Chairman*)

Independent Non-executive Directors

Mr. Moo Kai Pong

Mr. Lo Chi Wang

Mr. Wu Kin San Alfred

COMPANY SECRETARY

Ms. Chu Mei Po (*CPA*)

COMPLIANCE OFFICER

Mr. Chung Chau Kan

AUTHORISED REPRESENTATIVES

Mr. Chung Chau Kan

Ms. Chu Mei Po

AUDIT COMMITTEE

Mr. Lo Chi Wang (*Chairman*)

Mr. Moo Kai Pong

Mr. Wu Kin San Alfred

REMUNERATION COMMITTEE

Mr. Moo Kai Pong (*Chairman*)

Mr. Chung Chau Kan

Mr. Wu Kin San Alfred

NOMINATION COMMITTEE

Mr. Wei Ming (*Chairman*)

Mr. Moo Kai Pong

Mr. Wu Kin San Alfred

COMPLIANCE ADVISER

Dongxing Securities (Hong Kong) Company Limited

6805-6806A, 68/F,

International Commence Centre,

1 Austin Road West, Kowloon, Hong Kong

AUDITORS

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

22/F, Prince's Building, Central, Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited

28/F, CCB Tower, 3 Connaught Road Central,

Central, Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

1 Queen's Road Central, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive,

P.O. Box 2681, Grand Cayman,

KY1-1111, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office E, 17th Floor, EGL Tower,

No. 83 Hung To Road, Kwun Tong,

Kowloon, Hong Kong

HONG KONG LEGAL ADVISERS

Raymond Siu & Lawyers

Units 1302-3 & 1802, Ruttonjee House,

Ruttonjee Centre, 11 Duddell Street,

Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive, P.O. Box 2681,

Grand Cayman, KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

Level 54, Hopewell Centre, 183 Queen's Road East,

Hong Kong

STOCK CODE

8635

WEBSITE OF THE COMPANY

www.novacontechgroup.com

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am delighted to present our audited consolidated financial results of the Group for the year ended 31 March 2021.

2021 is another challenging year which the economic and political environment remain relatively unstable. The outbreak of Coronavirus Disease 2019 ("**COVID-19**") has been rapidly evolving globally and has significantly impacted the global economy and financial markets. The Board considers that such significant impact on the global economic and financial markets has adversely affected the financial performance of the Group for the year ended 31 March 2021. The Group has successfully applied for government subsidies under the Employment Support Scheme ("**ESS**") and FinTech Anti-epidemic Scheme for Talent Development ("**FAST**") during the year ended 31 March 2021 with an aim to mitigate such adverse impact. In addition, in order to broaden the sources of income of the Group and mitigate the risk that substantially all of our revenue would be derived from our financial trading solutions segment, the Group submitted a tender to develop a non-financial IT solution (resource planning and management software) in March 2020 and was awarded the project in May 2020. The project was in good progress and we have launched part of the non-financial IT solutions in May 2021. Our management believe that our staff has improved their skillset in developing non-financial IT solutions after completion of such project, thereby increasing our experiences and chance of securing other similar projects. Moreover, the Board has resolved to change and reallocate the uses of part of its unutilised net proceeds from the Share Offer (the "**Net Proceeds**") on 22 July 2020. The Directors consider that the changes in the uses of the Net Proceeds are fair and reasonable, as they would allow the Company to deploy its financial resources more effectively to support the latest development of the business of the Group. Please refer to the Company's announcement "Change in Use of Proceeds" dated 22 July 2020 (the "**Announcement**") and paragraph headed "Use of Proceeds from the Listing" under the section headed "Management Discussion and Analysis" for more details.

For the year ended 31 March 2021, the Group recorded revenue of approximately HK\$42.7 million, representing a slight decrease of approximately 1% from approximately HK\$43.0 million recorded for the year ended 31 March 2020. Profit attributable to owners of the Company for the year ended 31 March 2021 amounted to approximately HK\$13.0 million, representing an increase of approximately 93% as compared with the profit of approximately HK\$6.8 million for the year ended 31 March 2020, which were mainly due to increase in other income by approximately HK\$1.5 million and decrease in some of the expenses by approximately HK\$7.0 million in total, including but not limited to no listing expenses being recorded for the year ended 31 March 2021 (2020: listing expenses of approximately HK\$4.5 million), decrease in license and subscription cost of approximately HK\$0.2 million, other expenses of approximately HK\$1.6 million, finance costs of approximately HK\$0.1 million and income tax expense of approximately HK\$0.6 million. It was partially offset by decrease in revenue by approximately HK\$0.2 million and increase in some of the expenses by approximately HK\$2.0 million in total, including but not limited to increase in internet services costs of approximately HK\$0.1 million, employee benefit expenses of approximately HK\$0.3 million, depreciation of property and equipment of approximately HK\$0.2 million and amortisation of intangible assets of approximately HK\$1.4 million. If the change in fair value of financial assets at fair value through profit or loss (included in other income) and listing expenses were excluded, the profit attributable to owners of the Company would increase by approximately 12% from approximately HK\$11.3 million for the year ended 31 March 2020 to approximately HK\$12.7 million for the year ended 31 March 2021.

Chairman's Statement

Looking forward, the Group believe that the COVID-19 may continue to adversely affect the financial performance of the Group for the coming financial year. In response to the unfavorable market conditions, the Group will continue to focus on research and development ("R&D") in innovative IT products and services and provide stable and reliable financial trading solutions. Our management is dedicated to exploring new business opportunities with a view to diversifying the Group's business and mitigating risks. We believe the Group is well-positioned to maintain our competitiveness in capturing business opportunities in the market.

On behalf of the Board, I would like to extend my sincere appreciation to our business partners, customers and the Shareholders. I would also like to express my gratitude to our management team and staff for their devotion and contribution to the Group.

Wei Ming

Chairman and Non-executive Director

Hong Kong, 18 June 2021

Management Discussion and Analysis

BUSINESS REVIEW

We are a Hong Kong-based financial trading solution provider principally engaged in the development and provision of financial trading solutions. We mainly provide comprehensive and integrated financial trading solutions that enable trading of OTC-traded financial instruments, stock exchange-traded financial instruments and fund management to brokerage firms and wealth management companies to satisfy their various business needs.

Our financial trading solutions are mostly developed by our in-house development team and are typically off-the-shelf packaged solutions. Certain of our financial trading solutions are highly configurable to enhance flexibility to suit the needs of different customers and facilitate our customers to execute their business functions. Our Group's core financial trading solutions are (i) AUTON, a trading terminal; (ii) GES TX, a trading system for trading OTC-traded financial instruments; (iii) GES EX and Xentrix, trading and settlement systems for stock exchange-traded financial instruments; and (iv) GES IX, a fund management system.

Our objective is to expand our business, further strengthen our position as a financial trading solution provider, maintain our competitiveness and expand our market share by pursuing the following strategies: (i) continue to commit in R&D of our financial trading solutions; (ii) establish a R&D centre; (iii) pursue selective acquisition(s); and (iv) retain, attract and motivate high calibre and experienced staff. For details, please refer to the paragraph headed "Use of Proceeds from the Listing" under this section.

In line with the fast evolving business environment and the continuous innovation of the financial market, the Group responded swiftly to the needs of the financial institutions by broadening our IT offerings to our clients. During the year ended 31 March 2021, the Group upgraded the customer relationship management system in our GES IX. It is also in the progress of unification and improvement of our financial trading solutions – GES TX and GES EX, which enables customers to conduct cross asset hedging, such as hedging of OTC-traded financial instruments against stock exchange-traded financial instruments. Besides, the Group allocated part of the resources to develop a non-financial IT solution (resource planning and management software) as mentioned in the section "Chairman's Statement". These allow the Group to keep up with rapid changes in both the financial and non-financial markets and meet the customers' demand to ensure our business is sustainable in the long run.

Our services, operation flow and revenue stream

We provide installation services to our customers to ensure our financial trading solutions run smoothly on their systems and to facilitate our customers' understanding of the operations of our financial trading solutions. Depending on our customers' needs, our Group also provides customised financial trading solutions with modified or additional functions to meet our customers' specific requirements. Upon the completion of the initial set up and customisation service and the passing of the user acceptance test, our Group typically grants to our customers a non-exclusive, non-transferable and non-sub-licensable licence to use our financial trading solutions for the business of our customers. The Group then provides maintenance and support services for the financial trading solution as well as system protection and hosting. In addition, according to our customers' needs, we source computer hardware, which are mainly servers and network devices as well as third party software, and re-sell them to our customers to run our financial trading solutions during the initial set up stage and going forward.

Management Discussion and Analysis

The flow chart below illustrate our operation flow:



In general, our Group generates revenue by providing initial set up and customisation services, licensing and maintenance services and sales of computer hardware and software to our customers. A breakdown of revenue generated from these services is set out in note 5 of the consolidated financial statements.

Our customers

Our customers are mainly financial institutions, including brokerage firms and wealth management companies located in the Asia Pacific region such as Hong Kong, Indonesia, Malaysia, Belize and Japan, as well as Cyprus. We maintain good relationships with our valued customers. During the year ended 31 March 2021, we have not experienced any customer complaints. We will continue to expand our customer base and foster our reputation and image in the financial technology industry. The table below sets out the geographical breakdown of our revenue during the years ended 31 March 2020 and 2021.

	Year ended 31 March			
	2021		2020	
	HK\$'000	%	HK\$'000	%
Hong Kong	12,768	30	10,231	24
Indonesia	10,046	24	10,134	24
Malaysia	7,965	19	7,953	19
Belize	2,512	6	2,535	6
Japan	930	2	2,329	5
Cyprus	4,573	11	4,223	10
Other countries	3,935	8	5,552	12
Total	42,729	100	42,957	100

Our suppliers

The Group maintains long term and stable relationships with major suppliers. All suppliers are carefully evaluated and regularly monitored. Our major suppliers consists of (i) data center service providers; (ii) news feed providers; (iii) financial market information providers; (iv) data line vendors; and (v) computer network and data service providers.

Management Discussion and Analysis

OUTLOOK

In line with the Group's long term objective to strengthen our position as a financial technology solution provider and to expand our market share, the Group intends to expend resources on enhancing and upgrading our existing financial trading solutions, exploring the development of new IT solutions, establishing our R&D centre and pursuing selective acquisition(s).

Looking forward, the Group believe that the COVID-19 may continue to adversely affect the financial performance of the Group for the coming financial year. In response to the unfavorable market conditions, the Group will continue to focus on R&D in innovative IT products and services and provide stable and reliable financial trading solutions and non-financial IT solutions. Our next focus will be the financial and non-financial IT solutions projects awarded in January 2021 and April 2021 respectively. We believe that we can build a strong reputation after we complete those projects successfully. Our management will also keep in view the progress of other business objectives such as pursuing selective acquisition(s) and establishment of R&D centre. For details of how the Group utilises the net proceeds from the Listing, please refer to the paragraph headed "Use of Proceeds from the Listing" under this section.

The Directors believe that the financial resources obtained by the Group from the Listing will strengthen its financial position and enable it to implement its business plan as mentioned above.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of financial trading solutions which can be classified into (i) licensing and maintenance services and (ii) initial set up and customisation services. For the year ended 31 March 2021, the Group recorded revenue of approximately HK\$42.7 million, representing a slight decrease of approximately 1% as compared with the previous year of approximately HK\$43.0 million. The following table sets forth the breakdown of our revenue by source of revenue:

	Year ended 31 March			
	2021		2020	
	HK\$'000	%	HK\$'000	%
Licensing and maintenance services	39,541	93	41,591	97
Initial set up and customisation services	3,188	7	1,366	3
Total	42,729	100	42,957	100

The slight decrease was mainly attributable to the decrease in revenue from licensing and maintenance services and it was partially offset by increase in revenue from initial set up and customisation services. Revenue from licensing and maintenance services decreased by approximately 5% from approximately HK\$41.6 million for the year ended 31 March 2020 to approximately HK\$39.5 million for the year ended 31 March 2021. It was primarily because some customers terminated our services with contract amount of approximately HK\$3.6 million due to uncertainties of the global and local economic and political environment. It was partially offset by services provided to new customers and additional services acquired by existing customers amounting to approximately HK\$1.8 million. On the other hand, revenue from initial set up and customisation services increased by approximately 133% from approximately HK\$1.4 million for the year ended 31 March 2020 to approximately HK\$3.2 million for the year ended 31 March 2021. Initial set up and customisation services are generally provided on an on-demand basis, depending on our customers' business needs.

Management Discussion and Analysis

Other Income

The Group's other income were approximately HK\$2.3 million and HK\$0.8 million for the years ended 31 March 2021 and 2020 respectively. The increase in other income by approximately 176% was mainly due to the increase in ESS and FAST government subsidies and change in fair value of financial assets at fair value through profit or loss of approximately HK\$1.6 million and HK\$0.4 million respectively. It was partially offset by the decrease in interest income on bank deposits and time deposits by approximately HK\$0.5 million..

Financial assets at fair value through profit or loss

For the year ended 31 March 2021, the Group acquired certain financial assets at an aggregate consideration (exclusive of transaction costs) of approximately HK\$3.8 million and recorded change in fair value of financial assets at fair value through profit or loss of approximately HK\$0.4 million. The Group did not dispose of any financial assets during the year. For details, please refer to note 26 to the consolidated financial statements.

License and Subscription Cost

For the year ended 31 March 2021, the Group's license and subscription cost was approximately HK\$1.8 million, representing a decrease of approximately 8% over the license and subscription cost of approximately HK\$2.0 million for the year ended 31 March 2020. Such decrease was mainly because the Group changed its suppliers with more competitive price, which saved cost by approximately HK\$0.4 million for the year ended 31 March 2021. It was partially offset by more services being subscribed from suppliers for our business needs and implementation of our business plans as mentioned in the paragraph headed "Outlook" under this section, which slightly increased the cost by approximately HK\$0.2 million.

Internet Services Cost

For the year ended 31 March 2021, the Group's internet services cost was approximately HK\$2.6 million, representing an increase of approximately 2% over the internet services cost of approximately HK\$2.5 million for the year ended 31 March 2020. Such increase was primarily because the Group implemented the business plans as mentioned in the paragraph headed "Outlook" under this section, which increased the cost by approximately HK\$0.3 million. It was partially offset by cost saving of approximately HK\$0.2 million by changing the data centre service providers.

Intangible Assets

For the years ended 31 March 2021 and 2020, our R&D expenses (which mostly included in employee benefit expenses) amounted to approximately HK\$11.0 million and HK\$8.1 million, respectively. Out of the total R&D costs, approximately HK\$7.5 million and HK\$6.7 million for the years ended 31 March 2021 and 2020, respectively, was capitalised as intangible assets.

Employee Benefit Expenses

For the year ended 31 March 2021, the Group's employee benefits expenses were approximately HK\$13.6 million, representing an increase of approximately 3% over the employee benefits expenses of approximately HK\$13.3 million for the year ended 31 March 2020. The increase is primarily due to increase in staff costs for implementation of our business plan as mentioned in the paragraph headed "Outlook" under this section, bonuses paid and payable to staff for staff retention and provision for unutilised annual leave by approximately HK\$0.6 million, HK\$1.3 million and HK\$0.1 million respectively. It was partially offset by an increase in capitalised staff cost as intangible assets by approximately HK\$0.9 million and decrease in gratuity paid to terminated staff and allowance to management by approximately HK\$0.6 million and HK\$0.2 million respectively.

Management Discussion and Analysis

Depreciation of Property and Equipment

The Group's depreciation of property and equipment was approximately HK\$2.6 million for the year ended 31 March 2021, representing an increase of approximately 7% from approximately HK\$2.4 million for the year ended 31 March 2020. The increase was primarily due to additions of certain items of computers during the years ended 31 March 2021 and 2020.

Amortisation of Intangible Assets

The Group's amortisation of intangible assets was approximately HK\$4.9 million for the year ended 31 March 2021, representing an increase of approximately 40% from approximately HK\$3.5 million for the year ended 31 March 2020. The increase was primarily due to additions of computer software systems mainly contributed from staff costs capitalised in the years ended 31 March 2021 and 2020.

Listing Expenses

Listing expenses comprise professional and other expenses in relation to our Listing. They were recognised based on percentage of completion of the Listing by various professional parties. No listing expenses was recognised during the year ended 31 March 2021 (2020: approximately HK\$4.5 million).

Other Expenses

The Group's other expenses mainly include (i) legal and professional fees, (ii) auditors' remuneration, (iii) advertising expenses and (iv) insurance expenses. The Group's other expenses for the year ended 31 March 2021 were approximately HK\$3.8 million, representing a decrease of approximately 30% over the other expenses of approximately HK\$5.4 million for the year ended 31 March 2020. The decrease was primarily attributable to the decrease in legal and professional fees, auditors' remuneration and advertising expenses by approximately HK\$1.3 million in total. In addition, there was a net exchange gain of approximately HK\$0.1 million for the year ended 31 March 2021 (2020: net exchange loss of approximately HK\$0.3 million).

Finance Costs

Finance costs decreased from approximately HK\$0.2 million for the year ended 31 March 2020 to approximately HK\$0.1 million for the year ended 31 March 2021. The decrease was primarily due to decrease in variable interest rate which resulted in decrease in finance costs by approximately 44% from approximately HK\$0.4 million for the year ended 31 March 2020 to approximately HK\$0.2 million for the year ended 31 March 2021. It was partially offset by borrowing costs capitalized as development cost of intangible assets, which decreased by approximately 60% from approximately HK\$0.2 million for the year ended 31 March 2020 to approximately HK\$0.1 million for the year ended 31 March 2021.

Profit before income tax

Profit before income tax for the year ended 31 March 2021 amounted to approximately HK\$15.6 million, representing an increase of approximately 57% as compared with the profit before income tax of approximately HK\$9.9 million for the year ended 31 March 2020. Such increase was primarily due to increase in other income by approximately HK\$1.5 million and decrease in some of the expenses by approximately HK\$6.4 million in total, including but not limited to no listing expenses being recorded for the year ended 31 March 2021 (2020: listing expenses of approximately HK\$4.5 million), decrease in license and subscription cost of approximately HK\$0.2 million, other expenses of approximately HK\$1.6 million and finance costs of approximately HK\$0.1 million. It was partially offset by decrease in revenue by approximately HK\$0.2 million and increase in some of the expenses by approximately HK\$2.0 million in total, including but not limited to increase in internet services costs of approximately HK\$0.1 million, employee benefit expenses of approximately HK\$0.3 million, depreciation of property and equipment of approximately HK\$0.2 million and amortisation of intangible assets of approximately HK\$1.4 million. If the change in fair value of financial assets at fair value through profit or loss (included in other income) and listing expenses were excluded, the profit before income tax of the Company would increase by approximately 5% from approximately HK\$14.4 million for the year ended 31 March 2020 to approximately HK\$15.2 million for the year ended 31 March 2021.

Management Discussion and Analysis

Income Tax Expense

The Group's income tax expense for the year ended 31 March 2021 was approximately HK\$2.6 million, representing a decrease of approximately 19% from approximately HK\$3.1 million for the year ended 31 March 2020. Such decrease was mainly because the Group recognised approximately HK\$0.1 million deferred tax credit for the year ended 31 March 2021 (2020: deferred tax expense of approximately HK\$0.4 million) for deferred tax liability of property and equipment arising from the changes in carrying amount and tax-based amount of property and equipment. The effective income tax rates of the Group, which equal to the income tax expense divided by profit before tax, were approximately 16.5% and 31.8% for the years ended 31 March 2021 and 2020, respectively. If the listing expenses, non-taxable government subsidies and non-deductible corporate expenses after the Listing were excluded, the effective income tax rates would be approximately 13.8% and 16.7% for the years ended 31 March 2021 and 2020, respectively.

Profit for the Year Attributable to Owners of the Company

Profit attributable to owners of the Company for the year ended 31 March 2021 amounted to approximately HK\$13.0 million, representing an increase of approximately 93% as compared with the profit of approximately HK\$6.8 million for the year ended 31 March 2020. Such drastic increase was due to the above-mentioned reasons and decrease in income tax expense by approximately HK\$0.6 million. If the change in fair value of financial assets at fair value through profit or loss (included in other income) and listing expenses were excluded, the profit attributable to owners of the Company would increase by approximately 12% from approximately HK\$11.3 million for the year ended 31 March 2020 to approximately HK\$12.7 million for the year ended 31 March 2021.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations are financed mainly by cash generated from operations. The Group recorded net current assets of approximately HK\$55.2 million as at 31 March 2021 (2020: approximately HK\$46.5 million).

As at 31 March 2021, the Group's current assets amounted to approximately HK\$71.5 million (2020: approximately HK\$62.2 million) of which approximately HK\$3.3 million (2020: approximately HK\$4.2 million) was trade receivables, prepayments and deposits, approximately HK\$2.0 million (2020: approximately HK\$0.3 million) was contract assets and approximately HK\$66.2 million (2020: approximately HK\$57.7 million) was bank and cash balances.

As at 31 March 2021, the Group has interest-bearing borrowing of approximately HK\$11.0 million (2020: approximately HK\$11.5 million) at 2.06% effective interest rate (2020: 3.55%). On the same date, the Group had unused banking facilities of HK\$8.0 million (2020: HK\$8.0 million). The banking facilities were secured by a corporate guarantee from the Company and the land and building with carrying amount of approximately HK\$32.0 million (2020: approximately HK\$33.3 million). As at 31 March 2020 and 2021, none of the Group's borrowing bear interest at fixed rate.

The gearing ratio of the Group, which was defined as total debt divided by total equity, were 9.6% as at 31 March 2021 (2020: 11.4%). The decrease in gearing ratio was mainly due to the increase in retained earnings. The net debt to total capital of the Group, which was defined as total debt net of cash and cash equivalents divided by total capital, was at net cash position as at 31 March 2021 (2020: net cash position).

The Group's financial position has been further enhanced by the unutilised net proceeds of approximately HK\$10.5 million received from the Listing in May 2019.

Management Discussion and Analysis

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operations are subject to certain risks and the major ones that may have a material and adverse effect on the Group's business, financial conditions and results of operations include: R&D risk, retention of customers and staff and concentration of customers and suppliers. In addition, the Group's activities are exposed to a variety of financial risks including, exchange rate risk, credit risk, liquidity risk and interest rate risk.

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
<ul style="list-style-type: none"> R&D risk 	<p>The financial technology industry is characterised by rapidly changing technology and customer requirements. It is vital for us to keep abreast of the market and industry development. In particular, we may not be able to keep up with the rapid changes in technology and customer requirements, our R&D plans may not be successful or marketable and we may fail to upgrade our financial trading solutions to accommodate any upgrades to third party financial trading solutions or trading platforms of stock exchanges.</p>	<ul style="list-style-type: none"> Keep track of the technology changes Closely communicate with the customers for their demand Thorough feasibility study before commencement of each development project
<ul style="list-style-type: none"> Retention of customers 	<p>Our ability to maintain our revenue stream depends on our capability to continue the existing engagements as well as secure new engagements from existing customers or new customers.</p>	<ul style="list-style-type: none"> Conduct configuration checking, stress test, unit test and internal/external user acceptance test for our financial trading solutions and/or non-financial IT solution(s) to ensure the quality of our financial trading solutions and/or non-financial IT solution(s) provided to our customers
<ul style="list-style-type: none"> Concentration of customers 	<p>The term of our service agreements is one year or less which may or may not be automatically renewed, while some of them do not have fixed term and will be in force from the date of agreement unless terminated.</p>	<ul style="list-style-type: none"> Provide quality maintenance support services (e.g. timely respond to customer's query)
<ul style="list-style-type: none"> Retention of staff 	<p>Our future success depends on our ability to continue to retain and attract qualified technical and managerial staff with the appropriate technical expertise and domain knowledge of the financial technology industry.</p>	<ul style="list-style-type: none"> Offer competitive remuneration package Training and development Team building and recreational activities
<ul style="list-style-type: none"> Concentration of suppliers 	<p>In case the supply of services by our major suppliers (such as server and financial market information) is disrupted, and we are not able to timely identify and engage replacement service providers, our business operation may be disrupted or face security risks.</p>	<ul style="list-style-type: none"> Timely payment of suppliers' invoices Regular evaluation and monitoring of performance of suppliers (e.g. stability of data centre, computer network and data services)

Management Discussion and Analysis

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's revenue and cost are primarily denominated in US\$ and HK\$. Since HK\$ is pegged to US\$, the Group does not have significant currency risks and it is the Group's policy not to engage in speculative activities. The Group has not entered into any contracts to hedge its exposure against foreign exchange risk.

EXPOSURE TO CREDIT RISK

The Group's credit risk is primarily attributable to cash and cash equivalents, trade receivables due from customers, contract assets, deposits and other receivables as set out in notes 5, 17 and 18 to the consolidated financial statements. The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

To manage the risk arising from cash deposited in banks, the Group only transacts with reputable banks which are all high-credit-quality financial institutions. In addition, the Group has a credit policy to monitor the level of credit risk in relation to customers. The credit record and credit period for each customer or debtor are regularly assessed, based on the customer's or debtor's financial condition, their credit records and other factors such as current market condition. For details, please refer to note 3.1(b) to the consolidated financial statements.

The Group applies the simplified approach to provide for expected credit losses prescribed by Hong Kong Financial Reporting Standard 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets from third parties. The Group overall considers the shared credit risk characteristic and the days past due of the trade receivables and contract assets to measure the expected credit loss. Our management considered (among other factors) forward looking information, analysed historical payment pattern and concluded that the expected loss rate of trade receivables and contract assets are assessed to be less than 1% for the year ended 31 March 2021 (2020: less than 1%). No loss allowance provision for these balances was made during the year ended 31 March 2021 (2020: nil).

For deposits and other receivables, management makes periodic collective assessments as well as individual assessments on the recoverability of deposits and other receivables based on historical settlement records and past experience. The Directors believe there is no material credit risk inherent in the Group's outstanding balances of deposits and other receivables and the expected credit loss was close to zero for the year ended 31 March 2021 (2020: same).

EXPOSURE TO 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 long term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is set out in note 3.1(c) to the consolidated financial statements.

EXPOSURE TO INTEREST RATE RISK

The Group's exposure to interest rate risk arises from its bank deposits and bank borrowing. These deposits and the borrowing bear interests at variable rates which varied with the then prevailing market condition. Except as stated above, the Group has no other interest-bearing assets and liabilities as at 31 March 2021, while its income and operating cash flows are substantially independent of changes in variable interest rates.

CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Company since then. As at 31 March 2021, the capital structure of the Company comprised mainly of issued share capital and reserves.

PLEDGE OF ASSETS

As at 31 March 2021, the Group has pledged its land and building with carrying amount of approximately HK\$32.0 million (2020: approximately HK\$33.3 million) to secure banking facilities granted to the Group to the extent of approximately HK\$19.0 million (2020: approximately HK\$19.5 million).

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS

The Group has not made any significant investments or material acquisitions and disposals of subsidiaries during the year ended 31 March 2021.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any material capital commitments and contingent liabilities.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had a workforce of 31 (2020: 32) full-time employees. The remuneration of the Group's employees is determined depending on a number of factors, including their qualifications, function, experience, work performance and local market conditions. The Group regularly reviews its remuneration and benefit policies to ensure that the remuneration package offered remains competitive and in line with the relevant labour laws and regulations. For the year ended 31 March 2021, the total employee benefit expenses of the Group (including salaries, bonuses, allowances, pension costs (defined contribution plans), staff welfare and benefits and share-based payment expenses) before deduction of capitalised staff costs as development costs of computer software system was approximately HK\$21.1 million (2020: approximately HK\$19.8 million). The Company has adopted a Share Option Scheme on 29 March 2019 to enable the Company to grant options to, amongst others, the employees and directors of the Group. For details, please refer to note 20 to the consolidated financial statements and the paragraph headed "Share Option Scheme" under the section headed "Directors' Report" in this report.

SIGNIFICANT INVESTMENTS AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company did not have any significant investments as at 31 March 2021. Save as disclosed in the Prospectus and the Announcement, the Company did not have other plans for material investments or capital assets.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 March 2021 is set out below:

Business Objectives	Actual Progress
(i) Continue to commit in R&D of our financial trading solutions	<p>R&D plans</p> <p>Progress from the Listing Date to 31 March 2021</p> <p>A. Enhance and upgrade our financial trading solutions</p> <p>(a) Develop the cloud-based versions of GES EX and GES IX</p> <p>The Group entered into a hosting services subscription agreement with HKEX Hosting Services Limited ("HKEX Hosting") for the colocation facilities, which provide us access to the trading and market data, trading and clearing systems of the Stock Exchange at a low latency connection. As a result, the Group has become one of the HKEX Hosting application service providers ("ASP") ecosystem members to provide approved ASP services to our customers. In addition, the Group acquired servers, networking resources and third party software to power up the cloud native version of GES EX and GES IX in June 2019 and December 2019 respectively.</p> <p>(b) Enable the use of big data for AUTON</p> <p>The Group acquired servers, networking resources and third party software to process the big data and additional space to host the big data server in July 2019. This allows AUTON users to extract information from our big data server for backtesting their algo-trading strategies.</p>

Management Discussion and Analysis

Business Objectives	Actual Progress	
(i) Continue to commit in R&D of our financial trading solutions <i>(Continued)</i>	R&D plans	Progress from the Listing Date to 31 March 2021
	A. Enhance and upgrade our financial trading solutions <i>(Continued)</i>	
	(c) Enhance AUTON's algo-trading capability with artificial intelligence	During the year ended 31 March 2021, the Group successfully engaged consultants who have worked with our development team and provided technical advice on the relevant R&D activities. The enhancement is still in progress during the year ended 31 March 2021.
	(d) Develop HTML5 version of AUTON	The Group was awarded financial and non-financial IT solutions projects in May 2020, January 2021 and April 2021 as mentioned under the section headed "Chairman's Statement" and the paragraph headed "Outlook" under this section. Although we initially targeted to commence the development of HTML5 version of AUTON in third quarter of 2020, management team has reallocated the resources from development of HTML5 version of AUTON to those financial and non-financial IT solution projects. We will resume the development of HTML5 version of AUTON once any of those financial and non-financial projects has been completed.
	(e) Unify and improve our financial trading solutions	As mentioned in our 2020 annual report, we have started the unification of (a) GES TX and GEX EX and (b) GES IX and Xentrix earlier than scheduled in the first quarter of 2020 and the unification is still in progress during the year ended 31 March 2021.
	B. Incorporate prevailing technologies to promote algo-trading and awareness of our trading terminal and trading systems	By R&D of our development team and acquisition of servers and third party software, we have launched the terminal for simulation of algo-trading. We will continue enhancing and developing the terminal and the web portal for portfolio tracking and optimization. We have also made some marketing effort to promote the above-mentioned web portal.
	Overall, to implement the above R&D plans, the Group had used approximately HK\$2.7 million to subscribe for basic market information package and corporate action information package and purchase the abovementioned hosting and connectivity services, approximately HK\$0.4 million to subscribe for cloud-based server hosting services, approximately HK\$2.3 million to recruit 4 R&D staff and approximately HK\$1.5 million to acquire computer hardware and software.	
(ii) Pursue selective acquisition(s)	Our management is devoted to identifying suitable target (such as an IT solution vendor which specialises in financial and related IT systems, or other market players) for acquisition. We have not yet identified any suitable target for acquisition from the Listing Date up to 31 March 2021.	
(iii) Establish a R&D centre	The expected timeline to commence the establishment of a R&D centre is changed from the third quarter of 2019 (as disclosed in the Prospectus) to September 2021 (as disclosed in the 2020 interim report). It is primarily because we currently have sufficient office space for the additional headcounts of R&D staff as a result of change in staff composition. The Board considers that the postponement will allow the Company to deploy its financial resources more effectively, which is in the best interest of the Company and the Shareholders as a whole.	

Management Discussion and Analysis

USE OF PROCEEDS FROM THE LISTING

The Shares of the Company were initially listed on GEM of the Stock Exchange by way of Share Offer of 100,000,000 Shares on the Listing Date, at HK\$0.53 per Share.

The net proceeds from the Share Offer were approximately HK\$17.5 million, which was based on the gross proceeds from the Share Offer less the actual expenses relating to the Listing. The change in the amount of net proceeds as disclosed in the Prospectus is primarily due to the fact that the shares were issued at the low-end of the Offer Price Range (as defined in the Prospectus).

As disclosed in the Announcement, the Board resolved to change and reallocate the uses of part of its unutilised Net Proceeds on 22 July 2020. An amount of approximately HK\$1.5 million originally allocated for the acquisition of computer hardware and software (such as servers and network devices) is reallocated to the subscription of server hosting services.

During the period from the Listing Date to 31 March 2021, the Group has applied the Net Proceeds as follows:

Description of intended use of the proceeds	Revised allocation of the Net Proceeds on 22 July 2020		Planned use of proceeds from the Listing Date to 31 March 2021	Actual use of proceeds from the Listing Date to 31 March 2021	Unutilised amount as at 31 March 2021	Expected timeline for full use of the unutilised proceeds
	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	
(i) Continue to commit in R&D of our financial trading solutions	13.3	75.8	7.6	6.9	6.4	May 2022
(ii) Pursue selective acquisition(s)	1.4	8.0	0.8	–	1.4	April 2022
(iii) Establish a R&D center	1.8	10.1	–	–	1.8	May 2022
(iv) Working capital and other general corporate purpose	1.0	6.1	–	0.1	0.9	N/A
Total	17.5	100.0	8.4	7.0	10.5	

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, being Mr. Lo Chi Wang, Mr. Wu Kin San Alfred and Mr. Moo Kai Pong. Mr. Lo Chi Wang is the chairman of the Audit Committee. The Group's audited annual results for the year ended 31 March 2021, the accounting policies and practices adopted by the Group, and the Group's financial reporting and internal control matters have been reviewed by the Audit Committee in the meeting held on 18 June 2021.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chung Chau Kan (鍾就根), aged 45, was appointed as a Director on 7 February 2018 and was re-designated as an executive Director and the Chief Executive Officer of the Company on 7 May 2018. Mr. Chung is responsible for the day-to-day management, overseeing the business operations, business development, strategic planning and supervising the development of financial trading solutions of our Group. Mr. Chung has over 23 years of experience in software engineering, system development and IT consulting, in particular, financial information systems and trading solution development. Prior to joining the Group, Mr. Chung was an engineer in Entone Technologies Limited from June 2000 to January 2001 and was responsible for software design, development, testing and maintenance. Mr. Chung worked in Reuters Hong Kong Limited as a consultant from January 2001 to January 2002. He was primarily responsible for developing stock exchanges connectivity for the online trading system, supporting and enhancing a production realtime market data delivery site and building internet site for sales support. Mr. Chung was a software engineer of A.K. Technology Company and Global eSolution Limited. He was mainly responsible for designing and developing timetabling engine, online trading platforms and wealth management platforms. Mr. Chung joined our Group in August 2006 as development manager of the principal operating subsidiary, GES, of our Group. He was promoted to general manager of GES in July 2010. Since September 2011, Mr. Chung has been a director of GLOBAL ESOLUTIONS (HK) LIMITED (“GES”), mainly responsible for overseeing the operations and software development of GES. Apart from GES, Mr. Chung is also a director of various subsidiaries, including Real Logic Technology Company Limited, Win Investment (HK) Limited and Motion Cast Limited.

Mr. Chung obtained a degree of Bachelor of Science (Hons) in Computer Studies from City University of Hong Kong in November 2000 with first class honours.

Mr. Wong Wing Hoi (王永凱), aged 42, was appointed as a Director on 7 February 2018 and re-designated as an executive Director of the Company on 7 May 2018. Mr. Wong is responsible for the day-to-day management of the software development operations, assisting the chief executive officer of our Company on planning and supervising the development of financial trading solutions of our Group. Mr. Wong has over 19 years of experience in software engineering, system development and IT support. Prior to joining our Group, (i) from August 2001 to February 2005, Mr. Wong worked in Netcast Information Limited as a programmer and was mainly responsible for developing and testing software applications; and (ii) from February 2005 to July 2006, Mr. Wong worked in Global eSolution Limited as an analyst programmer and was mainly responsible for developing online trading system, database designing and tuning and providing IT support. Mr. Wong joined our Group in August 2006 as senior analyst programmer of GES. He was promoted to project manager and assistant director of GES in January 2011 and in December 2015, respectively. During his tenure as an assistant director of GES, he is mainly responsible for overseeing the software development operations and the development team of our Group. He is also involved in the recruitment of the software developers and engineers.

Mr. Wong obtained a degree of Bachelor of Engineering (Hons) from The Chinese University of Hong Kong in November 2001.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Wei Ming (衛明), aged 69, was appointed as a Director on 7 February 2018 and re-designated as a non-executive Director of the Company and the Chairman on 7 May 2018. He joined our Group in December 2016 as a director of GES. He is responsible for overall strategic management and development of corporate policies and strategies of our Group. Since 21 February 2018 when Motion Cast Limited was incorporated, Mr. Wei has been a director of Motion Cast Limited which is an investment holding company of our Group. Prior to joining our Group, (i) from around 1984 to 2002, he was primarily engaged as regional controller, director and principal advisor in financial trading businesses located in Hong Kong and Taiwan; and (ii) from January 2010 to January 2012, he was a director of Jin Ku Precious Metal Trading Ltd (currently known as Far East Precious Metal (HK) Limited) which was principally engaged in bullion trading in Hong Kong.

Mr. Wei completed a Textile Mechanical Course at Hong Kong Technical College (currently known as The Hong Kong Polytechnic University) in around September 1971.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Moo Kai Pong (巫啟邦), aged 54, was appointed as our independent non-executive Director on 29 March 2019. He is the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. He is primarily responsible for providing independent advice to the Board.

Mr. Moo has more than 19 years of experience in software engineering, system development and IT support. Prior to joining the Group, Mr. Moo was a programmer in Win Master Limited and was responsible for developing the personnel management information system for the Regional Services Department of the Government of Hong Kong from November 1995 to May 1996. Mr. Moo worked in C P International Limited as a contract analyst programmer & systems analyst from October 1996 to April 1999, He was being assigned to Reuters Asia Pte Limited and was involved in projects that develop domestic internet/extranet products as the major Oracle Database designer and project leader. From May 1999 to August 2000, Mr. Moo was a senior system designer in Reuters Hong Kong Limited, where he was involved in projects that develop domestic internet/extranet products as the major database designer and project leader. Mr. Moo joined ABN AMRO Asia Limited in August 2000 as a senior database administrator until May 2002 and he was involved in database server projects and the technical co-ordination of integration projects. From September 2002 to August 2003, Mr. Moo worked in Broadway Photo Supply Limited as a system analyst for developing applications. Mr. Moo was the assistant vice president of New York Life International, LLC from August 2003 to December 2010 and was mainly responsible for managing the setting up of a data centre in the regional office; setting up of a data environment particularly for IT project development, and implementation of the solution of a project which was for new network establishment for better availability and bandwidth capacity connected with each market by using encryption techniques for networking among all markets.

Mr. Moo obtained a degree of Bachelor of Science from Victoria University of Wellington in New Zealand in December 1992.

Biographical Details of Directors and Senior Management

Mr. Lo Chi Wang (羅智弘), aged 43, was appointed as our independent non-executive Director on 29 March 2019. He is currently the chairman of the Audit Committee. He is primarily responsible for providing independent advice to the Board.

Mr. Lo has approximately 18 years of experience in accounting and finance field. Mr. Lo's experience in auditing and tax advisory services was gained from his various positions in Deloitte Touche Tohmatsu Limited from February 2002 to June 2009. Mr. Lo was the financial controller of Sino Grandness Food Industry Group Limited (stock code: T4B, a company listed on the Singapore Stock Exchange) and has participated in the preparation of initial public offering project in the private sector. He has been the financial controller of Hung Fook Tong Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1446), and is currently an independent non-executive director of Dragon Rise Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6829).

Mr. Lo obtained a degree of Bachelor of Arts (Honours) in Accounting from Manchester Metropolitan University in Manchester, United Kingdom. He is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and a member of CPA Australia. In October 2019, he was appointed as a co-opted member of Moderation Sub-groups under Qualification and Examinations Board of HKICPA.

Mr. Wu Kin San Alfred (胡健生), aged 39, was appointed as our independent non-executive Director on 29 March 2019. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He is primarily responsible for providing independent advice to our Board.

Mr. Wu has approximately 17 years of experience in auditing, corporate finance and investment banking. He is currently the managing director of the corporate finance department of Fortune Financial Capital Limited, a subsidiary of China Fortune Financial Group Limited which is a company listed on the Main Board of the Stock Exchange (stock code: 290). He joined the corporate finance department of Fortune Financial Capital Limited as an executive director in April 2016. Since February 2018, he has been an independent non-executive director of Tongda Hong Tai Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2363). Prior to that, Mr. Wu worked in Deloitte Touche Tohmatsu from January 2004 to August 2007, where his last position was a senior accountant. From August 2007 to March 2009, Mr. Wu worked in ICEA Capital Limited where his last position was analyst – investment banking division. From April 2009 to February 2010, Mr. Wu worked in ICBC International Holdings Limited where his last position was associate. From February 2010 to September 2010, Mr. Wu was vice president – investment banking department in CMB International Capital Holdings Corporation Limited (formerly known as CMB International Capital Corporation Limited). Mr. Wu joined CMB International Capital Limited in September 2010 until May 2013 where he worked as vice president – investment banking division. From May 2013 to August 2014, Mr. Wu worked in Haitong International Capital Limited, which is a subsidiary of Haitong International Securities Group Limited (a company listed on the Main Board of the Stock Exchange (stock code: 665)). From August 2014 to April 2016, Mr. Wu worked in Guosen Securities (HK) Financial Holdings Co., Ltd where his last position was director – investment banking department.

Mr. Wu obtained a degree of Bachelor of Arts in Accounting and Financial Analysis and a Master's degree of Arts in International Financial Analysis from University of Newcastle upon Tyne (currently known as Newcastle University), the United Kingdom, in July 2002 and December 2003, respectively. He was admitted as a member of the HKICPA in March 2009.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Ye Chiu Yeung (葉朝陽), aged 40, is the senior manager of software development of GES and a member of the senior management of our Group. He is primarily responsible for software development of our Group.

Mr. Ye joined our Group in August 2006 as analyst programmer of GES. He left our Group in August 2010 on his own accord and rejoined our Group in December 2013 as product manager of GES. He was promoted to senior manager of our principal operating subsidiary in February 2016. During his tenure as a senior manager, he is mainly responsible for overseeing the development of our trading and settlement systems, GES EX, AUTON and Xentrix, for trading stock exchange-traded financial instruments.

Mr. Ye has more than 17 years of experience in software engineering, system development and IT support. From August 2003 to November 2003, Mr. Ye worked in Automated Systems (HK) Limited as a technician and was mainly responsible for providing daily technical support to school. From February 2004 to November 2005, Mr. Ye worked in Lotus Tours Limited as a programmer and was mainly responsible for developing system and providing software support and maintenance. From November 2005 to July 2006, Mr. Ye worked in Global eSolution Limited as an analyst programmer and was responsible for system development for online trading platforms. In August 2006, Mr. Ye joined our Group as an analyst programmer, and left our Group as a system analyst in August 2010. From August 2010 to January 2011, Mr. Ye worked in Ullink Limited as analyst programmer and was mainly responsible for system development. In January 2011, Mr. Ye joined Ayers Solutions Limited as a senior analyst programmer and was mainly responsible for the development of trading and settlement system and the supervision of the development team, and left as a system analyst in September 2013. From October 2013 to November 2013, Mr. Ye worked in China Construction Bank (Asia) Corporation Limited as system analyst and was mainly responsible for system development for card application. Mr. Ye re-joined our Group as product manager of GES in December 2013.

Mr. Ye obtained a degree of Bachelor of Science in Computer Science and Information Systems (Hons) from The University of Hong Kong in December 2003.

COMPLIANCE OFFICER

Mr. Chung Chau Kan (鍾就根) is the compliance officer of our Company. For his biographical details, please refer to the paragraph headed "EXECUTIVE DIRECTORS" under this section.

COMPANY SECRETARY

Ms. Chu Mei Po (朱美寶), HKICPA, aged 32, was appointed as our Company secretary on 8 April 2020. Ms. Chu has joined GES since 2016 and is currently a deputy financial controller of the Group. Ms. Chu has over 8 years of experience in accounting, finance and audit with international audit firms and a listed company in Hong Kong. Ms. Chu obtained a degree of Bachelor of Business Administration in Accountancy from City University of Hong Kong in July 2012. She was admitted as a member of the HKICPA in February 2015.

Directors' Report

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2021.

CORPORATE REORGANISATION AND LISTING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 February 2018 under the Companies Law. Pursuant to a reorganisation of the Group in preparation for the Listing of the Shares on GEM of the Stock Exchange, the Company became the holding company of the companies now comprising the Group. Details of the corporate reorganisation are set out in the section headed "History, Development and Reorganisation" in the Prospectus. The Shares were initially listed on GEM of the Stock Exchange on 2 May 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the development and provision of financial trading solutions and development and supply of resource allocation, planning, scheduling and management of software and services. Details of the principal activities of the subsidiaries are set out in note 12 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year ended 31 March 2021.

BUSINESS REVIEW

A fair review of the Group's business, a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, are described in the "Chairman's Statement" and under the paragraph headed "Business Review" in the section headed "Management Discussion and Analysis" set out on pages 3 to 15 of this report. The discussion forms part of this directors' report.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2021 and the Group's financial position at that date are set out in the consolidated financial statements on pages 51 to 52 of this report.

The Board recommends the payment of a final dividend of HK\$0.002 per Share for the year ended 31 March 2021 (2020: HK\$0.002 per Share).

Record Date for Final Dividend

Subject to approval by the Shareholders at the forthcoming annual general meeting, the final dividend of HK\$0.002 per Share for the year ended 31 March 2021 recommended by the Board will be declared to those Shareholders whose names appear on the register of members of the Company on Tuesday, 3 August 2021 (the record date) and it will be paid on or before Tuesday, 24 August 2021. There will be no book closure for the final dividend. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Tuesday, 3 August 2021.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and the Prospectus, is set out on page 98. This summary does not form part of the audited financial statements.

REVENUE

An analysis of the Group's revenue for the year ended 31 March 2021 is set out in note 5 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 March 2021 are set out in note 14 to the consolidated financial statements.

Directors' Report

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2021 are set out in note 19 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES BY THE COMPANY AND ITS SUBSIDIARIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities, convertible securities, options, warrants or similar rights of the Company during the year ended 31 March 2021 and up to the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2021 are set out in note 29(b) to the consolidated financial statements and the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2021, the reserves available for distribution to owners of the Company were approximately HK\$6,204,000 (2020: approximately HK\$9,416,000).

CHARITABLE DONATIONS

During the year ended 31 March 2021, the Group made charitable donations of approximately HK\$2,000 (2020: nil).

DIRECTORS

The Directors during the year ended 31 March 2021 and up to the date of this report were:

Executive Directors

Mr. Chung Chau Kan (*Chief Executive Officer*)

Mr. Wong Wing Hoi

Non-executive Director

Mr. Wei Ming (*Chairman*)

Independent Non-executive Directors

Mr. Moo Kai Pong

Mr. Lo Chi Wang

Mr. Wu Kin San Alfred

In accordance with the article 84 of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), 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. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Accordingly, Mr. Wong Wing Hoi and Mr. Moo Kai Pong will retire at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-election.

Directors' Report

The Company has received, from each of the independent non-executive Directors, a written annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and as at the date of this report, and the Company still considers each of the independent non-executive Directors to be independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 16 to 19 of this report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial fixed term of three years commencing from the Listing Date. The non-executive Director and each of the independent non-executive Directors respectively has entered into a letter of appointment with the Company and is appointed for a fixed term of three years commencing from the Listing Date. The service agreement may be terminated by not less than three months' notice in writing served by either party on the other after the expiry of the first year of service. The letter of appointment may be terminated by not less than three months' notice in writing served by either party on the other after the expiry of the three years of service.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service agreement or letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY

The remuneration of the Group's employees is determined based on a number of factors, including their qualifications, function, experience, work performance and local market conditions. The Group regularly reviews its remuneration and benefit policies to ensure that the remuneration package offered remains competitive and in line with relevant labour regulations.

EMOLUMENT OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Committee is established for reviewing the Group's emolument policy and structure for making recommendation to the Board on the overall remuneration policy and structure in relation to all Directors and senior management of the Group. Other emoluments of the Directors are determined with reference to market conditions, directors' duties, responsibilities and performance and the results of the Group. For details of the Group's remuneration policy including the factors in determining the emoluments, please refer to the paragraph headed "Human Resources and Remuneration Policy" under the section headed "Management Discussion and Analysis" in this report. Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 7 and 8 to the consolidated financial statements.

No Director has waived or agreed to waive any emoluments during the year ended 31 March 2021.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled under the Articles to be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses incurred or sustained by him or her as a Director in the execution or discharge of his or her duty.

During the year ended 31 March 2021 and as at the date of this report, the Company has taken out Directors' and officers' liabilities insurance which provides appropriate coverage for the Directors.

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

Save as disclosed in this report, no transactions, arrangements and 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 any time during the year ended 31 March 2021 or as at the end of the financial year.

Directors' Report

MANAGEMENT CONTRACTS

Other than the service contracts of the executive Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year ended 31 March 2021.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

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 any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of Director	Company/ name of associated corporation	Capacity and nature of interest	Number of Shares of the Company/ associated corporation held <i>(Note 4)</i>	Approximate percentage of the issued Shares of the Company/ associated corporation
Mr. Wei Ming (" Mr. Wei ") <i>(Chairman and Non-executive Director)</i>	Company	Interest in controlled corporation <i>(Note 1)</i>	210,000,000 (L)	52.5%
Mr. Chung Chau Kan (" Mr. Chung ") <i>(Chief Executive Officer and Executive Director)</i>	Company	Interest in controlled corporation <i>(Note 2)</i>	90,000,000 (L)	22.5%
Mr. Wong Wing Hoi	Company	Beneficial owner	4,800,000 (L) <i>(Note 3)</i>	1.2%
Mr. Wei	Essential Strategy	Beneficial owner	1,000 (L)	100% <i>(Note 1)</i>

Notes:

- (1) The 210,000,000 Shares were held by Essential Strategy which is wholly owned by Mr. Wei. As such, Mr. Wei was deemed to be interested in all the Shares held by Essential Strategy pursuant to Part XV of the SFO.
- (2) The 90,000,000 Shares were held by Expert Wisdom which is wholly owned by Mr. Chung. As such, Mr. Chung was deemed to be interested in all the Shares held by Expert Wisdom pursuant to Part XV of the SFO.
- (3) These Shares represent the 2019 Share Option and 2020 Share Option granted by the Company on 15 August 2019 and 3 November 2020, respectively, under the Share Option Scheme adopted by the Company on 29 March 2019. For details, please refer to note 20 to the consolidated financial statements.
- (4) The letter "L" denotes "long position" in such Shares or underlying Shares.

Directors' Report

Saved as disclosed above, as at 31 March 2021, none of the Directors or chief executive of the Company had registered an interest or short position in any Shares or underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 in which they are taken or deemed to have under such provisions of the SFO) or that was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed above and in note 28 to the consolidated financial statements, no Shareholder or any of its subsidiaries had a material interest, either directly or indirectly, in any contract of significance (whether for the provision of services to the Group or not) to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2021.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2021, 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 of interests required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity and nature of interest	Number of Shares held (Note 5)	Approximate percentage of the issued Shares
Essential Strategy	Beneficial owner (Note 1)	210,000,000 (L)	52.5%
Ms. Wong Siu King ("Ms. Wong")	Interest of spouse (Note 2)	210,000,000 (L)	52.5%
Expert Wisdom	Beneficial owner (Note 3)	90,000,000 (L)	22.5%
Ms. Yip Kim Kam ("Ms. Yip")	Interest of spouse (Note 4)	90,000,000 (L)	22.5%

Notes:

- (1) Mr. Wei held 210,000,000 Shares through a company wholly-owned by him, Essential Strategy.
- (2) Ms. Wong is the spouse of Mr. Wei. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares in which Mr. Wei is interested.
- (3) Mr. Chung held 90,000,000 Shares through a company wholly-owned by him, Expert Wisdom.
- (4) Ms. Yip is the spouse of Mr. Chung. Under the SFO, Ms. Yip is deemed to be interested in the same number of Shares in which Mr. Chung is interested.
- (5) The letter "L" denotes "long position" in such Shares.

Saved as disclosed above, as at 31 March 2021, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who has interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

Directors' Report

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 29 March 2019. Details of the Share Option Scheme are set out in Appendix VI to the Prospectus. 1,600,000 Share Options have been granted pursuant to the Share Option Scheme during the year ended 31 March 2021. For details of the grant of Share Options, please refer to note 20 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the year ended 31 March 2021 and up to the date of this report were there any rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or chief executive of the Company or their respective associates or were there any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company or their respective associates to acquire such rights in any other body corporate.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this report, no equity-linked agreements were entered into by the Company during the year ended 31 March 2021 or subsisted at the end of the financial year.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2021 are set out in note 28 to the consolidated financial statements.

The related party transactions as disclosed in note 28 to the consolidated financial statements did not fall under the definition of "connected transaction" or "continuing connected transaction" (as defined under Chapter 20 of the GEM Listing Rules) or are fully exempt continuing connected transaction pursuant to Rule 20.74(1) of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules during the year ended 31 March 2021 and up to the date of this report.

COMPETING INTEREST

During the year ended 31 March 2021 and up to the date of this report, none of the Directors or the Controlling Shareholders or their respective close associates are interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor did they have any conflicts of interest with the Group.

DEED OF NON-COMPETITION

Each of the Controlling Shareholders, namely Mr. Wei and Essential Strategy, has executed a deed of non-competition dated 12 April 2019 (the "**Deed of Non-Competition**") in favour of the Company, pursuant to which each of the Controlling Shareholders, among other things, irrevocably and unconditionally, jointly and severally, warrants and undertakes to the Company (for itself and as trustee for each of its subsidiaries) on competition related matters. Details of the Deed of Non-Competition are set out in the section headed "Relationship with our Controlling Shareholders – Non-competition Undertaking" in the Prospectus. Each of the Controlling Shareholders has confirmed that none of them is engaged in, or interested in, any business (other than the Group) which, directly or indirectly, competes or may compete with the business of the Group.

The independent non-executive Directors have also reviewed the status of compliance and written confirmation from each of the Controlling Shareholders, and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by each of the Controlling Shareholders since the Listing Date and up to the date of this report.

Directors' Report

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities. If any shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, Dongxing Securities (Hong Kong) Company Limited has been appointed as the compliance adviser of the Company (the "**Compliance Adviser**"). Save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 23 May 2018, none of the Compliance Adviser or its directors, employees or close associates has or may have any interest in the share capital 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 Rules as at the date of this report.

KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has maintained a good relationship with its employees, customers and suppliers:

Employees

Human resources is of paramount importance to the Group's business operations and its success depends on its ability to hire new talents to deliver new features to its financial trading solutions and retain core employees to ensure stability of such financial trading solutions. The Group places great emphasis on the training and development of its employees by providing periodic trainings to equip them with the latest knowledge relating to their work duties and keep them abreast of the latest technological know-how and market news. The Group also subsidises eligible employees to participate in external professional courses.

The Group strives to treat all of its employees with respect and equality, and create a safe and motivating workplace for its employees. By organising different staff activities, the Group works to improve staff relationships and build up a sense of belonging, and at the same time, make sure its employees enjoy a good work-life balance. In order to provide a safe working environment and protect the Group's employees from occupational hazards, the Group has implemented sound workplace measures to ensure all risk-bearing activities are monitored and supervised, and newly joined employees would receive comprehensive orientation on the work safety procedures. The Group's liability to its employees is covered by insurance, which is required by law. During the year ended 31 March 2021, the Group did not receive any material claims for personal injuries by its employees under the employees' compensation insurance policies, and were not involved in accidents that resulted in material injuries or fatality in the course of its operations, and that no prosecution has been laid against the Group by any relevant authorities in respect of violation of applicable laws of health and safety.

To protect the Group's reputation and the data of its customers, the Group has implemented measures to restrict access right to customer data by its employees, so as to ensure that all confidential data is used for the Group's business purposes only and with the approval from the management and to prevent any unauthorised use of such data. In addition, employees are obliged to give confidentiality undertakings in their employment contracts and comply with the Group's internal control policy which restricts inappropriate use and appropriation of source code at work. Further, all of the intellectual property rights created by its employees belong to the Group pursuant to its employment contracts entered into with all employees.

Customers

During the year ended 31 March 2021, the Group had 30 (2020: 32) customers that are mainly financial institutions, including brokerage firms and wealth management companies, and mainly located in Asia Pacific regions, such as Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus.

During the year ended 31 March 2021, sales to the Group's five largest customers accounted for approximately 57.9% (2020: 55.9%) of the total sales for the year and sales to the largest customer included therein amounted to approximately 18.3% (2020: 18.2%). During the year ended 31 March 2021, none of the Directors, their close associates or any Shareholder (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued Shares) had any interest in the Group's five largest customers.

Directors' Report

The Group enters into service agreements with each of its customers generally which sets out the specification of the financial trading solutions to be provided by the Group and the respective terms and conditions. The Group's standard terms and conditions require its customers to pay on a monthly basis with no credit term, which may be renewed automatically if no termination notice has been served on the Group for three months in advance. Other service agreements that the Group signs with customers may include tailor made terms in relation to, inter alia, duration of agreement, scope of services and payment arrangements. The Group has been advised that all such agreements are legally binding. During the year ended 31 March 2021, the Group did not experience material payment defaults from its customers, nor did it experience material difficulty in recovering trade receivables from customers, and minimal provision for impairment of trade receivables has been recorded in relation to these customers. During the year ended 31 March 2021, there were no major disputes or disagreement between the Group and its customers and no complaints from its customers which had a material impact on its business operation.

Although the Group is not reliant on any single customer, the Group cannot assure its shareholders that it would always be able to maintain business relationships with its existing major customers. In the event that the existing major customers reduce their subscription of our financial trading solutions, do not renew our service agreements or terminate our business relationship, and if we cannot secure new business of a comparable size from other customers as replacement within a reasonable period of time or at all, our business and profitability may be adversely affected. In addition, if any major customer experiences any liquidity problem, it may result in delay or default in settlement to the Group, which in turn may have an adverse impact on our cash flows and financial conditions. To mitigate such risks, the Group seeks to diversify our customer base by obtaining new engagements from its existing or new customers. Furthermore, the Group is constantly communicating with its existing and potential customers to maintain good relationship through various channels such as presentations, calls, emails, video conference and physical meetings with customers, with an aim to generate new businesses through its marketing initiatives, referrals from existing clients and the IT professionals from the finance industry.

Suppliers

During the year ended 31 March 2021, the Group's major suppliers consisted of (i) data center service providers; (ii) news feed providers; (iii) financial market information providers; (iv) data line vendors; and (v) computer network and data service provider. Purchases from the Group's five largest suppliers accounted for approximately 77.4% (2020: 71.5%) of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 37.0% (2020: 24.5%). During the year ended 31 March 2021, none of the Directors, their close associates or any Shareholder (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued Shares) had any interest in the Group's five largest suppliers.

Going forward, the Group may consider engaging subcontractors, such as for the development of certain module(s) or upgrade of part of the Group's financial trading solutions depending on the availability of labour resources and when necessary. The Group will select subcontractors based on their technical expertise, ability to meet pre-determined schedules, the Group's past dealings with them and fees. To maintain flexibility, the Group does not plan to enter into any long-term agreements with subcontractors and will only place orders with them on an order-by-order basis.

Although there was a concentration of suppliers in terms of the aggregate amount of the Group's purchase from its top five suppliers, given the availability of products and services provided by the suppliers, the Group is not dependent on any single supplier and can easily locate alternative suppliers as needed. During the year ended 31 March 2021, the Group did not experience any shortage or delay in supply. In any case, the Group selects its suppliers based on a number of factors, including their price, scope of services, quality of products and services and their technical capabilities. It generally selects at least two vendors or service providers for each product or service to ensure competitive pricing.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Discussion on the environmental policies and performance is contained in the "Environmental, Social and Governance Report" on pages 41 to 45 of this report. This discussion form part of the Directors' Report.

Directors' Report

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular those which have a significant impact on the Group. The Board reviews and monitors the Group's policies and practices in compliance with legal and regulatory requirements on a regular basis. Any changes in the applicable laws, rules and regulations are brought to the attention of the Directors, relevant employees and relevant operation units from time to time.

From the Listing Date and up to the date of this report, to the best of the Company's knowledge, information and belief, and having made all reasonable enquiries, the Group has complied in all material respects with the requirements under all applicable laws and regulations that have a significant impact on the business and operation of the Group.

DIVIDEND POLICY

The Company has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate and sufficient cash reserves for meeting its working capital requirements and future growth as well as enhancing its Shareholder value. The Board has the full discretion to declare and distribute dividends to the Shareholders, and any final dividend for a financial year will be subject to Shareholders' approval. In proposing any dividend pay-out, the Board shall also take into account, among other things, the Group's financial results, financial position, cash flow situation, business conditions and strategies, expected future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, any restrictions on payment of dividends and any other factors the Board may consider relevant. Any payment of the dividend by the Company is also subject to any restrictions under all applicable laws and regulations.

CORPORATE GOVERNANCE

The Company has applied the principles of the CG Code set out in Appendix 15 to the GEM Listing Rules and has complied with the applicable code provisions during the year ended 31 March 2021. Details of the principal corporate governance practices as adopted by the Company and the Company's compliance with the applicable code provisions are set out in the section headed "Corporate Governance Report" on pages 29 to 40 of this report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 23 July 2021 to Wednesday, 28 July 2021 (both dates inclusive) for determining Shareholders' eligibility to attend and vote at the forthcoming annual general meeting. All transfer of Shares, accompanied by the relevant share certificate(s) with the properly completed transfer form(s), must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m., Thursday, 22 July 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Group has no other significant events subsequent to 31 March 2021 and up to the date of this report.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company for the year ended 31 March 2021 have been audited by the Company's independent auditor, PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment as the Company's independent auditor. A resolution for the reappointment of PricewaterhouseCoopers will be proposed at the forthcoming annual general meeting. There has been no change of auditor of the Company since the Listing Date.

By order of the Board

Wei Ming

Chairman and Non-executive Director

Hong Kong, 18 June 2021

Corporate Governance Report

The Board hereby presents this corporate governance report (“**CG Report**”) in the Group’s annual report for the year ended 31 March 2021.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix 15 of the GEM Listing Rules as the basis of the Company’s corporate governance practices.

The CG Code has been applicable to the Company with effect from the Listing Date. The Board is of the view that during the year ended 31 March 2021 and up to the date of this report (the “**Relevant Period**”), the Company has complied with all applicable code provisions as set out in the CG Code.

BOARD OF DIRECTORS

Board composition and responsibilities

The Board consists of six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. Details of their composition by category are as follows:

Executive Directors

Mr. Chung Chau Kan (*Chief Executive Officer*)

Mr. Wong Wing Hoi

Non-executive Director

Mr. Wei Ming (*Chairman*)

Independent Non-executive Directors

Mr. Moo Kai Pong

Mr. Lo Chi Wang

Mr. Wu Kin San Alfred

Details of background and qualifications of all Directors are set out in the section headed “Biographical Details of Directors and Senior Management” of this report. There is no relationship, including financial, business, family or other material/relevant relationship(s) among members of the Board.

Corporate Governance Report

RESPONSIBILITIES OF THE BOARD

The Board oversees the overall management and administration of the business and operations of the Group. The Board is primarily responsible for, among other things, the overall development, strategic planning, reviewing and monitoring the business performance, approving the financial statements and annual budgets, internal controls and risk management as well as supervising the management of the Group. The Board delegates to the management the authority and responsibilities of the day-to-day management and operation of the Company. Despite the foregoing delegation, the Board would review and supervise the performance of the management periodically.

The Board may delegate any of its powers, authorities and discretions to such committees, consisting of such Director(s) and other person(s) as the Board thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either in whole or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to applicable laws and regulations, including the CG Code, and any regulations which may be imposed on it by the Board.

Regular meetings of the Board will be held to consider the strategic policies of the Company including but not limited to reviewing and approving significant acquisitions and disposals and annual budgets, reviewing the performance of the business and approving the public release of periodic financial results. Directors are also provided with access to independent professional advice in carrying out their obligations as Directors as and when required, at the expense of the Company.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for an initial fixed term of three years commencing from the Listing Date. The non-executive Director and each of the independent non-executive Directors respectively has entered into a letter of appointment with the Company and is appointed for a fixed term of three years commencing from the Listing Date. According to article 84 of the Articles, at each annual general meeting, one-third of the Directors shall retire from office by rotation provided that each Director is subject to retirement by rotation at least once every three years but is eligible for re-election at an annual general meeting in accordance with the Articles.

Article 83(3) of the Articles specifies that any Directors appointed by the Board during the year to fill a casual vacancy are subject to re-election by Shareholders at the first general meeting after such appointments and any Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service agreement or letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation. The Company has also taken out Directors' and officers' liabilities insurance with effect from the Listing.

Corporate Governance Report

Independent Non-executive Directors

During the Relevant Period, the Board comprised of six members, three of which are independent non-executive Directors, which represented more than one-third of the Board. As such, the Company has fully complied with Rules 5.05(1) and 5.05A of the GEM Listing Rules. Mr. Lo Chi Wang, our independent non-executive Director, is a certified public accountant with more than 18 years of experience in professional accounting. Accordingly, the Company has fully complied with Rule 5.05(2) of the GEM Listing Rules. For more details regarding the qualifications of Mr. Lo Chi Wang, please refer to the section headed "Biographical Details of Directors and Senior Management" of this annual report.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 5.09 of the GEM Listing Rules, and the Company is of the view that all independent non-executive Directors fulfil the relevant independence requirements.

Continuous Professional Development of Directors

Pursuant to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development programme to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 March 2021, the Directors have participated in continuous professional development programme by attending a training session on the global investment outlook 2021 and strategic positioning under current global macro trends. They also from time to time received from the Company updates on laws, rules and regulations which may be relevant to their roles, duties and functions as directors of a listed company. Particulars of participation by the Directors are set out as follows:

	Attending training session
Executive Directors	
Mr. Chung Chau Kan	✓
Mr. Wong Wing Hoi	✓
Non-executive Director	
Mr. Wei Ming	✓
Independent Non-executive Directors	
Mr. Moo Kai Pong	✓
Mr. Lo Chi Wang	✓
Mr. Wu Kin San Alfred	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should not be performed by the same individual. The Directors recognise the importance of good corporate governance in management and internal control procedures so as to achieve effective accountability. During the Relevant Period, Mr. Wei Ming is the Chairman, and Mr. Chung Chau Kan is the Chief Executive Officer. The Chairman provides leadership for the Board and the Chief Executive Officer is responsible for day-to-day management of business. Their respective responsibilities of both roles are clearly established and set out in writing. Accordingly, the Group has fully complied with code provision A.2.1 of the CG Code.

Corporate Governance Report

BOARD COMMITTEES

In order to assist the Board in discharging its duties in a more efficient manner, the Board has established, with written terms of reference, three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties. The written terms of reference for each Board committee are in compliance with the GEM Listing Rules and they are published on the websites of the Stock Exchange and the Company accordingly.

Audit Committee

The Company established the Audit Committee on 29 March 2019 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code have been adopted. The primary duties of the Audit Committee are mainly to make recommendations to the Board on appointment, reappointment and removal of the external auditor, review and supervise the financial reporting process and the financial controls, internal control and risk management systems of the Company.

The Audit Committee consists of three independent non-executive Directors, being Mr. Lo Chi Wang, Mr. Moo Kai Pong and Mr. Wu Kin San Alfred. Mr. Lo Chi Wang is the chairman of the Audit Committee.

The Group's audited consolidated annual results for the years ended 31 March 2021 and 2020, unaudited condensed consolidated interim results for the six months ended 30 September 2020, unaudited condensed consolidated quarterly results for the three months ended 30 June 2020 and for the nine months ended 31 December 2020, the accounting policies and practices adopted by the Group, and the Group's financial reporting, risk management and internal control matters have been reviewed by the Audit Committee. During the Relevant Period, five Audit Committee meetings were held and the details of attendance of each Audit Committee member are set out in the section headed "Board Meetings and Attendance Records of Directors" on pages 34 to 35 of this report.

Nomination Committee

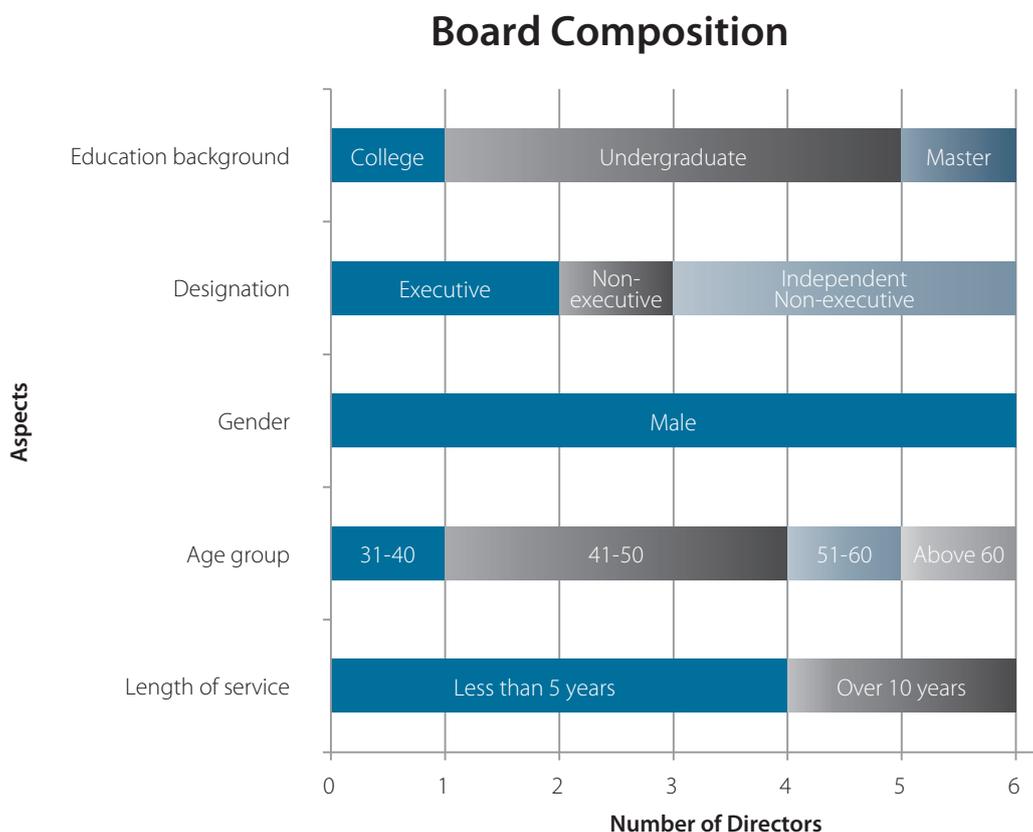
The Company established the Nomination Committee on 29 March 2019. Written terms of reference in compliance with code provision A.5.2 of the CG Code have been adopted. The primary duties of the Nomination Committee are (i) to review the structure, size and composition (including the skills, knowledge, length of service and the breadth of expertise) of the Board and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy; (ii) to identify individuals suitably qualified as potential Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) to assess the independence of independent non-executive Directors; and (iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors, in particular that of the Chairman and the Chief Executive Officer of the Company.

The Nomination Committee consists of one non-executive Director and two independent non-executive Directors, being Mr. Wei Ming, Mr. Moo Kai Pong and Mr. Wu Kin San Alfred, respectively. Mr. Wei Ming is the chairman of the Nomination Committee.

The Board recognises the importance of its diversity in relation to its business, and adopted a board diversity policy (the "**Board Diversity Policy**") on 11 April 2019. The Board considered the diversity of the Board can be achieved through the consideration of a number of aspects when selecting candidates, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. During the Relevant Period, the above objective has been achieved. All Board appointments will be based on meritocracy, and will be considered against objective criteria, having due regard for the benefits of having diversity on the Board. The ultimate decision of Board appointment will be based on the reputation of, and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Board Diversity Policy on a regular basis and discuss any revisions that might be required, and recommend to the Board for consideration and approval.

Corporate Governance Report

As at the date of this report, the Board's composition under certain diversified perspectives was summarised as follows:



During the Relevant Period, two Nomination Committee meetings were held and the details of attendance of each Nomination Committee member are set out in the section headed “Board Meetings and Attendance Records of Directors” on pages 34 to 35 of this report. During the Nomination Committee meetings, the Nomination Committee (i) reviewed, among other things, the independence of the independent non-executive Directors; (ii) considered the qualifications of the retiring Directors standing for re-election at the forthcoming annual general meeting; (iii) reviewed the structure, size and composition of the Board; and (iv) reviewed the Board Diversity Policy adopted by the Company. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider various factors including the candidate’s character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board. Having reviewed the composition of the Board, the Nomination Committee considered that there is an appropriate balance of board diversity.

Remuneration Committee

The Company established the Remuneration Committee on 29 March 2019 in compliance with Rule 5.34 of the GEM Listing Rules. Written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and the model under code provision B.1.2(c)(ii) of the CG Code have been adopted. The primary duties of the Remuneration Committee are mainly to make recommendations to the Board on the remuneration policy and the structure relating to all Directors and senior management of the Group, to assess the performance of the executive Directors and to approve the terms of their service contracts, review the remuneration packages of the Directors and senior management of the Group and ensure none of the Directors determine their own remuneration. No Directors or any of his associates were involved in deciding their own remuneration.

The Remuneration Committee consists of two independent non-executive Directors and one executive Director, being Mr. Moo Kai Pong, Mr. Wu Kin San Alfred and Mr. Chung Chau Kan, respectively. Mr. Moo Kai Pong is the chairman of the Remuneration Committee.

Corporate Governance Report

During the Relevant Period, three Remuneration Committee meetings were held and the details of attendance of each Remuneration Committee member are set out in the section headed “Board Meetings and Attendance Records of Directors” on pages 34 to 35 of this report. During the Remuneration Committee meetings, the Remuneration Committee reviewed the remuneration of the Directors and senior management of the Group and the grant of share option on 3 November 2020.

Pursuant to code provision B.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by band for the year ended 31 March 2021 are as follows:

	Number of employees	
	Year ended 31 March	
	2021	2020
Nil to HK\$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	1	2

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.

In the Board meeting held on 18 June 2021, the Board had reviewed the Company’s corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, the compliance of Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Securities Transactions Code**”), the Company’s compliance with the CG Code and disclosures in this corporate governance report.

Board Meetings and Attendance Records of Directors

Code provision A.1.1 of the CG Code states that the Board should meet regularly and Board meetings should be held at least four times each year at approximately quarterly intervals with active participation of a majority of Directors, either in person or through other electronic means of communication.

Corporate Governance Report

The attendance record of each of the Directors at the Board meetings, committee meetings and annual general meeting held during the Relevant Period is set out in the table below:

Name of Director	Attendance/Number of Meeting				Annual General Meeting
	Board Meeting	Audit Committee	Nomination Committee	Remuneration Committee	
Mr. Chung Chau Kan	7/7	N/A	N/A	3/3	1/1
Mr. Wong Wing Hoi	7/7	N/A	N/A	N/A	1/1
Mr. Wei Ming	7/7	N/A	2/2	N/A	1/1
Mr. Moo Kai Pong	6/7	5/5	2/2	3/3	0/1
Mr. Lo Chi Wang	7/7	5/5	N/A	N/A	1/1
Mr. Wu Kin San Alfred	7/7	5/5	2/2	3/3	1/1

Apart from the Board meetings, the Chairman also held two meetings with the independent non-executive Directors without the presence of the executive Directors during the Relevant Period.

COMPANY SECRETARY

In compliance with Rule 5.15 of the GEM Listing Rules, Ms. Chu Mei Po ("**Ms. Chu**"), the company secretary of the Company, had undertaken not less than 15 hours of relevant professional training to update her skills and knowledge during the year ended 31 March 2021. For details of Ms. Chu's qualifications, please refer to the section headed "Biographical Details of Directors and Senior Management" of this report.

NOMINATION POLICY

The Board has adopted a Directors nomination policy (the "**Nomination Policy**") which aims to:

- set out the criteria and process in the nomination and appointment of Directors;
- ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company; and
- ensure the Board's continuity and appropriate leadership at Board level.

Criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

- character, reputation and integrity;
- qualifications, experience and accomplishments, including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;
- requirement for the Board to have independent directors in accordance with the GEM Listing Rules and whether the candidates would be considered independent by reference to the independence guidelines set out in the GEM Listing Rules;
- the Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;
- any other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning; and
- such other perspectives appropriate to the Company's business.

Corporate Governance Report

Nomination Procedures

(A) Appointment of New Director and Election of Director at General Meeting

- (i) The Nomination Committee shall, upon receipt of the proposal on appointment of a new Director, review the biographical information (or relevant details) of such candidate and evaluate such candidate based on the criteria as set out in above paragraph of "Criteria" to determine whether such candidate is qualified for directorship.
- (ii) The Nomination Committee may request such candidate to provide additional information and documents, if considered necessary.
- (iii) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company (including but not limited to ensuring that the Board has a balance of skills, experience and diversity of perspectives) and reference check of each candidate (where applicable).
- (iv) The Nomination Committee shall then recommend appointment of the appropriate candidate for directorship and the candidate shall provide his/her written consent (a) to be appointed as a Director, and (b) to the public disclosure of his/her personal data on any documents or the relevant websites for the purpose of or in relation to his/her standing for election as a Director.
- (v) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the above paragraph of "Criteria" to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to the Shareholders in respect of the proposed election of Director at the general meeting.
- (vi) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

(B) Re-Election of Director at General Meeting

- (i) Retiring Directors are eligible for nomination by the Board to stand for re-election at a general meeting of the Company.
- (ii) The Nomination Committee shall review the retiring Director's overall contribution and service to the Company, including his/her attendance of Board meetings and committee meetings and, where applicable, general meetings, and his/her level of participation and performance on the Board.
- (iii) The Nomination Committee shall also review and determine whether the retiring Director continues to meet the criteria as set out in above paragraph.
- (iv) The Nomination Committee and/or the Board shall then make recommendation to the Shareholders in respect of the proposed re-election of the Director at the general meeting.
- (v) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for re-election at any general meeting.

Corporate Governance Report

Regular Review

The Nomination Committee will conduct regular review on:

- (i) the effectiveness of the Nomination Policy to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and
- (ii) the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

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 the Securities Transactions Code.

Specific enquiry has been made with all the Directors and each of the Directors has confirmed that they have complied with the Securities Transactions Code throughout the Relevant Period.

During the Relevant Period, the Company is not aware of any incident of non-compliance of the Securities Transactions Code by the Directors.

DIRECTORS' AND AUDITORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Companies Ordinance, which give a true and fair view of the state of affairs, profit or loss and cash flow of the Group on a going concern basis.

The Directors acknowledge their responsibility for the preparation of consolidated financial statements of the Group for the year ended 31 March 2021. The statements of the Directors' responsibilities for preparing the consolidated financial statements of the Group and external auditors' responsibilities for the audit of the consolidated financial statements are set out in the "Independent Auditor's Report" in this report. There are no material uncertainties relating to events or circumstances which would significantly cast doubt over the Company's ability to operate as a going concern.

AUDITOR'S REMUNERATION

The fees paid or payable to the external auditor of the Group, PricewaterhouseCoopers, for the year ended 31 March 2021 are as follows:

Services rendered	Fees paid/payable HK\$'000
Audit services	650

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of the Group's risk management and internal control systems in order to safeguard the Group's assets and the Shareholders' interests and conduct a review on an annual basis. The main features of the risk management and internal control systems of the Group include:

- (i) the identification of potential risks;
- (ii) the assessment and evaluation of risks;
- (iii) the development and continuous updating of mitigation measures; and
- (iv) the ongoing review of internal control procedures to ensure their effectiveness in respect of the Group's financial, operational, compliance controls and risk management functions.

In order to protect the Group's assets against improper use and ensure compliance with applicable laws, rules and regulations, the Group has also established organisational structure within such risk management and internal control systems by clearly defining the power and obligations of each department in the Group. The 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.

Process used to identify, evaluate and manage significant risks

The Group's risk management process involves the identification, evaluation, response, monitoring and reporting of risks. After having successfully identified the risks that may potentially affect the Group's business and operations by the management of the Company, the Board will perform risk assessment by prioritising the risks identified to determine those key risks that the Group is exposed to and discuss mitigation measures. Besides, existing risk mitigation measures are subject to regular monitoring and review by the management of the Company, which will review the Group's risk management strategies, report such results and make appropriate suggestions to the Board.

For the purpose of the Listing, the Group engaged an independent external consulting firm as the Group's internal control adviser (the "**Internal Control Adviser**") to undertake a review on, among others, the internal control system on (i) entity-level controls; (ii) sales and receivables; (iii) procurement, payments and fixed asset management; (iv) information systems controls (including IT serial controls for key financial reporting system); (v) cash and treasury management; (vi) financial reporting and disclosure controls; (vii) human resources; (viii) taxation; and (ix) intellectual properties. The Group does not appoint any Internal Control Adviser during the Relevant Period. Management is of the view that our internal control system has not changed since the Listing Date and it remains effective in all aspects. The Board reviewed the effectiveness of the risk management and internal control systems for the Relevant Period at the Board meeting held on 18 June 2021, and is of the opinion that the Group's risk management and internal control systems are effective and adequate and that nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate. The Board and the Audit Committee will reconsider the need for engaging an internal control adviser next year.

The Group does not have an internal audit function and the Audit Committee is of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The Board and the Audit Committee will review the need for an internal audit function from time to time.

Corporate Governance Report

Handling and Dissemination of Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is aware of its relevant obligations under the SFO and the GEM Listing Rules. The Group adopts and implements an information disclosure policy and procedures in order to protect inside information from unauthorised and inaccurate disclosure.

The Group has strictly prohibited unauthorised use of confidential or inside information. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Chairman and the chief financial officer to decide on the need for disclosure. The Audit Committee regularly reviews and assesses the effectiveness of the information disclosure policy and procedures and proposes recommendations to the Board.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide a forum for the Shareholders to exchange views directly with the Board. Subject to provisions of the applicable laws in the Cayman Islands and GEM Listing Rules, an annual general meeting of the Company is held each year and at the venue to be determined by the Board. Each general meeting, other than an annual general meeting, is called an extraordinary general meeting ("EGM").

Rights to Convene EGMs and Procedures

Pursuant to article 58 of the Articles, the Board may, whenever it thinks fit, convene an EGM. Any 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 of the Company shall have the right, by written requisition to the Board or the company secretary, to require an EGM 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. The requisition must be deposited at the registered office or the head office of the Company.

If within 21 days of such deposit, the Board fails to proceed to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) shall be reimbursed to requisitionist(s) by the Company.

Rights to Put Forward Proposals at General Meetings

The Board is not aware of any provisions under the Articles and the Companies Law allowing Shareholders to propose new resolutions at the general meetings. Subject to the provisions of the Articles, eligible Shareholders who wish to move a resolution may by means of requisition to convene an EGM following the procedures set out above.

Putting Forward Enquiries to the Board

To put forward any enquiries to the Board, Shareholders may send written enquiries to the Company with sufficient contact details. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

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

Address: Office E, 17th Floor, EGL Tower, No. 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong
Fax: +852 2851 0017
Email: investor@novacontechgroup.com

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.

Corporate Governance Report

COMMUNICATION 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 endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Company maintains a website at www.novacontechgroup.com as a communication platform with the Shareholders and potential investors, where the latest business development, financial information and other relevant information of the Company are available for public access. The information on the Company's website is updated on a regular basis in order to maintain a high level of transparency.

Information released by the Company, including but not limited to, the quarterly, interim and annual reports, notices, announcements and circulars will also be posted onto the Stock Exchange's website at the same time.

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published its memorandum of association and the Articles on the respective websites of the Stock Exchange and the Company. Since the Listing, no amendments have been made to the constitutional documents of the Company.

Environmental, Social and Governance Report

The Group's Environmental, Social and Governance ("ESG") report highlights its ESG performance and has been prepared in accordance with the ESG reporting principles set out in Appendix 20 to the GEM Listing Rules.

This ESG report covers the overall performance of the two subject areas, namely Environmental and Social aspects for the business operations of all entities (including the Group) operating in our office in Hong Kong during the year ended 31 March 2021. For corporate governance information, please refer to the "Corporate Governance Report" on pages 29 to 40 of the annual report.

A. ENVIRONMENTAL

The Company is an investment holding company. The Group is principally engaged in the development and provision of financial trading solutions and development and supply of resource allocation, planning, scheduling and management of software and services. The nature of the Group's business does not involve direct emission of large amounts of polluted air, discharge of pollutants into water and land, and generation of hazardous waste. Therefore, there are no laws and regulations related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group. Due to the nature of the Group's business, the Group's daily operations mainly involve indirect greenhouse gas emissions, which are mainly due to the use of electricity, business travels and paper consumptions in our office. The Group does not generate any hazardous wastes and its operations are considered to have no direct and significant material impact on the environment.

A1. Emissions and Wastes

- **Air and Greenhouse Gas Emissions**

For the years ended 31 March 2020 and 2021, the Group's respective quantitative information on greenhouse gases emissions is as follows:

Greenhouse Gases Emissions	2021 Tonnes CO₂-equivalent	2020 Tonnes CO ₂ -equivalent
Indirect Emission (Scope 2)		
– Electricity	38.3	43.3
Indirect Emission (Scope 3)		
– Paper Consumption	0.5	0.9
Total emission of greenhouse gases	38.8	44.2
Total emission of greenhouse gases per square metre of floor area	0.1	0.1

- **Waste Management**

The non-hazardous wastes generated by the Group's operations mainly consist of paper, toner cartridges and ink cartridges. We regularly monitor the consumption volume of paper, toner cartridges and ink cartridges and have implemented a number of reduction measures. The Group's office has also installed suitable facilities and encouraged our staff to sort and recycle the wastes to achieve the objectives in mitigating wastes, reusing and recycling in its operations. The Group maintains a high standard in waste reduction, educates its employees the significance of sustainable development and provides the relevant support in order to enhance the staff's skills and knowledge in sustainable development.

Environmental, Social and Governance Report

A2. Use of Resources

- **Energy Consumption**

For the years ended 31 March 2020 and 2021, the respective total electricity consumption of the Group is as follows:

Energy Consumption	2021	2020
Energy consumption – electricity (kwh)	67,178	69,850
Energy consumption – electricity per floor area (kwh/m ²)	212	221

The Group has implemented a number of measures to mitigate energy consumption such as turning off the air conditioning system at night or when leaving office, keeping the office temperature at 25 degree Celsius in summer and using LED lights in our office, etc.

Going forward, in order to further reduce emission of greenhouse gases and electricity consumption, the Group will continue to implement energy saving measures. The Group requires its staff to turn on power saving mode for computers, printers and monitors to reduce energy consumption when the machines are in idle. Staff is also required to switch off lights, printers, air conditioners and power of computers by the end of each working day. By adopting these policies, the Group wishes to create an environmentally friendly working environment.

- **Water Consumption**

For the years ended 31 March 2020 and 2021, the respective total water consumption of the Group is as follows:

Water Consumption	2021	2020
Water consumption – water (m ³)	5.19	5.44
Water consumption intensity – water per floor area (m ³ /m ²)	0.02	0.02

Water is consumed primarily for two purposes, drinking water and daily cleaning. There is no running water facility in our office. Water consumed is mainly municipal water supplied by the Water Supplies Department. We did not encounter any problems in terms of sourcing water that is fit for purpose during the year ended 31 March 2021. Our Group considers our consumption of water is insignificant. During the year ended 31 March 2021, the Group orders distilled water from suppliers for staff's drinking along with issuing a notice to remind employees to cherish drinking water.

- **Paper Consumption**

The Group promotes the reduction of paper printing and encourages the use of electronic communications and electronic records. Single-sided printed paper is reused as draft paper or used to print internal documents. Notices have been posted in the office to remind employees to use paper wisely to reduce the consumption of paper. Besides, the Group does not use any packaging materials for its operations other than envelopes and company letters. The total paper consumption of the Group during the year ended 31 March 2021 was 0.1 tonnes (2020: 0.2 tonnes).

- **Business Air Travel**

Business air travel is inevitable in some circumstances as the Group is seeking to expand its business beyond Hong Kong. Nevertheless, the staff of the Group travelled only when necessary and travelled in economy class to reduce carbon footprints. In the year ended 31 March 2021, the carbon footprint of employees is immaterial as almost all business is delivered in Hong Kong notwithstanding that we have considerable number of overseas customers. In addition, in order to reduce carbon emissions from air travel, the Group encourages employees to use video conference calls and participate in online meetings.

Given its nature, the principal business activities of the Group do not cause any significant negative impacts on the environment and natural resources and climate change.

Environmental, Social and Governance Report

B. SOCIAL

General

During the year ended 31 March 2021, all the employees were employed in accordance with Hong Kong labour laws and the Group strictly complies with the all applicable laws and regulations such as the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong), the Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong), the Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong) and the Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong). During the year ended 31 March 2021, the Board was not aware of any non-compliance with relevant standards, rules and regulations that have a significant impact on the Group.

B1: Employment

The Group develops employment policies regarding recruitment, compensation, promotion, dismissal, leave entitlements and other benefits and welfare. Employment and benefits provisions are communicated to staff through our employee handbook. The Group is committed to creating an equal opportunity and a diverse work environment. All staff is assessed, recruited, promoted or dismissed on the basis of their performance without discrimination against age, gender, pregnancy, disability, race, marital status or family status. For the year ended 31 March 2021, the Group had no material non-compliance with the applicable legislations or regulations.

In addition to the above, the mandatory provident fund trustee which the Group engaged offers comparatively low management fee among others which improve staff's long term benefits. The Group contributes to the mandatory provident fund in accordance with the laws of Hong Kong and is abide by any statutory leave prescribed by the laws and regulations in Hong Kong. The compensation, working hour, rest period, other benefits and welfare meet the local employment laws and is stipulated in the employment contract.

As at 31 March 2021, the staff gender and age distribution by position is as follows:

Position	No. of Employee	Male	Female	Aged under 30	Aged 30 to 40	Aged 41 to 50	Aged over 50
Manager	10	9	1	–	7	3	–
General staff	21	17	4	9	7	5	–

Staff turnover during the year ended 31 March 2021 is as follows:

Category	No. of Employee	Male	Female	Aged under 30	Aged 30 to 40	Aged 41 to 50	Aged over 50
New staff	3	3	–	3	–	–	–
Staff turnover	4	3	1	–	3	1	–

B2: Health and Safety

The Group provides a safe and healthy working environment for its employees and takes all reasonable steps to prevent accidents and injuries during their work. There is a first aid kit in the office. The Group also provides medical and dental insurance for permanent employees. The health and safety policy of the Group states that one of the prime responsibilities of the management at all levels is to ensure all reasonably practicable actions are taken to comply with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and the policy itself. The Group aims to ensure the health and safety at work of the employees as required under the Occupational Safety and Health Ordinance by carrying out various reasonable steps to prevent injuries, including providing adjustable working chairs and sufficient storage space for spacious working area, maintaining office equipment, and placing objects and stationery at easily reachable and convenient locations.

Environmental, Social and Governance Report

For the year ended 31 March 2021, health and safety performances are periodically monitored and reviewed. There was no work-related fatalities and lost days due to work injury. The Group was not aware of any material non-compliance with laws and regulations in relation to employee health and safety during the year ended 31 March 2021.

B3: Development and Training

The Group provides regular training to employees to ensure they have the appropriate skills to handle their daily job responsibilities. Employees are encouraged to participate in a variety of self-development skill training courses tailored to both general and managerial staff, such as e-Seminars, which aim to regularly keep their IT technical knowledge up-to-date. The Group also sponsors employees to participate in external training courses required for their work, such as courses which aim to improve knowledge on labour law and companies law, etc. The Group also encourages team leaders to work closely with employees in order to allow the management to better understand each individual employee's development needs.

B4: Labour Standards

The Group strictly complies with the labour legislations such as the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) on prevention of child and forced labour. There was no child nor forced labour in the Group's operation during the year ended 31 March 2021. During the recruitment process, there is a procedure for collecting and reviewing identity and age verification documents in order to ensure that the Group abides by the relevant labour legislations. Any candidates who are under the legal working age and/or provide false identity proof and documents are not employed by the Group. The Group did not note any material non-compliance with laws and regulations regarding employment and labour standards during the year ended 31 March 2021.

B5: Supply Chain Management

The Group maintains long term and stable relationships with its major suppliers, which consisted of (i) data center service providers; (ii) news feed providers; (iii) financial market information providers; (iv) data line vendors; and (v) computer network and data service provider. Our major suppliers are mainly located in Hong Kong and the United States. All suppliers are carefully evaluated and regularly monitored based on a number of factors, including their price, scope of services, quality of products and services and their technical capabilities. During the year ended 31 March 2021, the Group was not aware of any major suppliers' actions or practices that had a significant negative impact on business ethics, environmental protection, human rights and labour practices.

B6: Product Responsibility

Product responsibility is one of the Group's priorities. We are committed to delivering excellent customer services with high connectivity and reliability. During the year ended 31 March 2021, the Group did not note any cases of material non-compliance regarding health and safety, advertising, labelling and privacy matters related to products and services provided as required by relevant laws and regulations.

The Group's policy is to respect intellectual property rights and prohibit the use of infringing products in the business. As such, the Group requires all employees must strictly follow the relevant laws such as the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong). During the year ended 31 March 2021, the Group did not find any non-compliance with the relevant laws and regulations.

The continuous support of our customers has always been one of the key factors for the success of the Group. Therefore, the Group is committed to providing quality services to its customers. Customer complaints (if any) will be reviewed and to the customer's satisfaction resolved by our competent technical team. If necessary, the team will also report complaints to the Group's management for follow-up actions.

Environmental, Social and Governance Report

Protecting customer data privacy is a priority in the Group's daily operations in order to establish and maintain a relationship of trust and confidence with our customers. The Group is committed to preventing customer data leakage or loss by adopting stringent physical security measures and good industry practices. For example, the Group has a comprehensive security policy and security and confidentiality guideline to safeguard its assets and information in place, and requires its staff to comply with regulations in relation to physical security, access control security, data security, application security, network and communication, and password management.

On top of the abovementioned measures, the Group requires its staff to follow the applicable laws such as Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) when handling both customers' and the Group's internal personal data. Employees are required to undertake to keep all confidential information confidential upon the signing of contracts with customers, during and upon the termination of service, subject to the confidentiality terms prescribed in the particular contracts. For projects with the Hong Kong Government, the Group treats all information received pursuant to or in connection with the relevant contracts as confidential and undertakes to use the confidential information solely for the purposes of assignment contracts.

B7: Anti-corruption

The Group adheres to high standards of conduct and integrity. We strictly abide by the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and the relevant laws and regulations regarding anti-corruption, bribery, extortion, fraud and anti-money laundering. Each of our employees has an obligation and is encouraged to report concerns about any misconduct they have noticed, including but not limited to violations of legal or regulatory requirements, misconduct or fraud that may adversely affect the Group's reputation and image, as well as violations of the internal codes and guidelines of the Group.

We implement policies and procedures to minimise risks of fraud, corruption and bribery. Our whistleblowing policy in place encourages our employees to report suspected irregularities to high level personnel in the Group's management, including direct reporting to the Chief Executive Officer, the Chairman, the Board or the Audit Committee. Reporting can be conducted through various channels such as written reports or emails. For reported cases where an investigation is warranted, the outcomes and recommendations of the investigation will be reported to the Chief Executive Officer and the Chairman. Our policies and practices aim at treating all disclosures in a confidential and sensitive manner and protecting our employees from any form of intimidation and retaliation.

Our principle on conduct and integrity is well conveyed to our employees through daily communication, seminars and training. Our requirements on conduct and integrity are also communicated to our subcontractors (if any) and service providers who are expected to comply with the same.

B8: Community Investment

The Group always seeks to be a positive force in the communities in which it operates and maintains close communication and interactions with the communities in order to contribute to local development from time to time.

The Group also supports and encourages all employees to take their own initiatives in volunteer works or charity activities for contributing to the building up of a harmonious and prosperous society. The Group has made charitable donation of approximately HK\$2,000 during the year ended 31 March 2021.

Independent Auditor's Report



羅兵咸永道

To the Shareholders of Novacon Technology Group Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Novacon Technology Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 51 to 97, which comprise:

- the consolidated statement of financial position as at 31 March 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

*PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Independent Auditor's Report

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Capitalisation of development costs incurred on computer software systems

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p>Refer to Note 2.20, Note 4(a) and Note 5 to the consolidated financial statements.</p> <p>For the year ended 31 March 2021, the Group recognised revenue of HK\$42.7 million from the provision of licensing and maintenance services, and initial set up and customisation services.</p> <p>Initial set up and customisation services, and licensing and maintenance services provided by the Group are agreed upon in a single revenue contract with customers. For the purposes of revenue recognition, these services are identified as separate performance obligations and the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Significant management's judgements and estimates are involved in the determination of the stand-alone selling prices for the allocation of the transaction price to reflect the prices at which the Group would sell the distinct services separately to the customers.</p> <p>In addition, revenue from initial set up and customisation services are recognised over time by using the input method based on costs incurred to measure the progress towards complete satisfaction of the performance obligation. Significant management's judgements and estimates are involved in the assumptions applied in the total budgeted contract costs for the input method.</p> <p>We focused on this area because the estimation of revenue recognition is subject to high degree of estimation uncertainty. The inherent risk in relation to the revenue recognition is considered significant due to its subjectivity and significant judgement involved.</p>	<p>Our procedures in relation to revenue recognition mainly included:</p> <ul style="list-style-type: none"> – We obtained an understanding of the management's internal control and assessment process of revenue recognition and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity; – We assessed management's judgements and estimates used to determine the stand-alone selling price of each of the performance obligations and evaluated the estimations with reference to comparable transactions in the market; – We evaluated and tested key controls over the estimated contract costs used in the input method by conducting the following: <ul style="list-style-type: none"> • On a sample basis, checked whether the total budgeted contract costs of the relevant projects are properly reviewed and approved by the management; and • On a sample basis, obtained the progress reports of the installation and customisation projects to check the progress of the selected projects and corroborated with interviews of the relevant project managers; – We assessed management's historical estimation accuracy by comparing the budgeted contract costs to actual costs incurred for previously completed projects on a sample basis; and – We assessed the total costs incurred as at the end of the reporting period of projects, on a sample basis, by checking to the underlying documents, such as employees' payroll and timesheet records, supporting these costs.

Based on the procedures performed, we considered the judgements and estimates made by management in relation to the revenue recognition were supportable by the available evidence.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Capitalisation of development costs incurred on computer software systems</p> <p>Refer to Note 2.6(b), Note 4(b) and Note 15 to the consolidated financial statements.</p> <p>The Group is principally engaged in the provision of computer software systems which are developed internally. Development costs incurred on computer software systems are capitalised as intangible assets when management assessed and concluded that all capitalisation criteria stated in Note 2.6(b) have been met.</p> <p>During the year ended 31 March 2021, the Group capitalised employee benefit costs of the research and development team and finance costs amounting to HK\$7.5 million as “capitalised development costs” as set out in Note 15 to the consolidated financial statements.</p> <p>Significant management’s judgements and estimates are involved in the determination of whether these software products could generate probable future economic benefits to the Group based on the historical experience and the prospects of the markets; and whether the employee benefit costs are appropriately identified for capitalisation and that such costs are appropriately associated with computer software systems in the development phase of production.</p> <p>We focused on this area because the estimation of assessing whether the capitalisation criteria set out in Note 2.6(b) to the consolidated financial statements have been met is subject to high degree of estimation uncertainty. The inherent risk in relation to this assessment is considered significant due to its complexity, subjectivity and significant judgement involved. In particular, whether the employee benefit costs are appropriately identified for capitalisation and that such costs are appropriately associated with computer software systems in the development phase of production.</p>	<p>Our procedures in relation to capitalisation of development costs incurred on computer software systems mainly included:</p> <ul style="list-style-type: none">– We obtained an understanding of the management’s internal control and assessment process of capitalisation of development costs incurred on computer software systems and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity;– We evaluated and tested the key controls over management’s authorisation of development of computer software systems and their subsequent review and approval of the fulfilment of capitalisation criteria and the capitalisation of the development costs of computer software systems;– We independently assessed whether the development costs capitalised during the year fulfilled the capitalisation criteria, on a sample basis, by conducting the following:<ul style="list-style-type: none">• On a sample basis, obtained the progress variations report of the development of computer software system for the explanations and corroborated with interviews of the relevant project managers;• Inspected the correspondences with potential or existing customers to demonstrate the existence of demands on the new computer software systems and modules under development; and• Inspected the sales forecast prepared by the management to demonstrate how will the new computer software systems and modules generate probable future economic benefits;– We understood, evaluated and tested key controls over the allocation of staff costs among the computer software systems under development and approval of timesheet records to ensure staff costs associated with the respective computer software systems’ development are appropriately identified for capitalisation; and– We tested the key inputs, including actual labour hours incurred and labour rates applied to respective computer software systems, by agreeing the details to timesheet and payroll records, which are reviewed and approved by management.

Based on above, we found that the judgement made by management in determining development costs to be capitalised were supportable by the available evidence.

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 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 determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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. Ho Chun Yu.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 June 2021

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	5	42,729	42,957
Other income	6	2,342	849
Expenses			
License and subscription cost		(1,846)	(2,016)
Internet services cost		(2,550)	(2,499)
Employee benefit expenses	7	(13,628)	(13,274)
Depreciation of property and equipment	14	(2,602)	(2,427)
Amortisation of intangible assets	15	(4,936)	(3,527)
Listing expenses		–	(4,528)
Other expenses	9	(3,759)	(5,403)
Finance costs	10	(152)	(215)
Profit before income tax		15,598	9,917
Income tax expense	11	(2,566)	(3,158)
Profit and total comprehensive income attributable to owners of the Company for the year		13,032	6,759
Earnings per share attributable to owners of the Company			
– Basic (expressed in HK cents per share)	13	3.26	1.73
– Diluted (expressed in HK cents per share)	13	3.26	1.73

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 31 MARCH 2021

	Note	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Property and equipment	14	34,589	36,914
Intangible assets	15	20,265	17,678
Deposits	17	19	19
Financial assets at fair value through profit or loss	26	4,209	–
Deferred income tax asset	24	198	225
		59,280	54,836
Current assets			
Trade receivables	17	1,899	3,025
Deposits, prepayment and other receivables	17	1,358	1,144
Contract assets	5	1,985	336
Cash and cash equivalents	18	66,241	57,666
		71,483	62,171
Total assets		130,763	117,007
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	4,000	4,000
Other reserves	21	44,660	43,538
Retained earnings		65,277	53,045
Total equity		113,937	100,583
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	24	581	728
		581	728
Current liabilities			
Bank borrowing	22	10,957	11,497
Accruals and other payables	23	4,285	3,149
Contract liabilities	5	366	283
Income tax payable		637	767
		16,245	15,696
Total liabilities		16,826	16,424
Total equity and liabilities		130,763	117,007

The consolidated financial statements on pages 51 to 97 were approved by the Board of Directors on 18 June 2021 and were signed on its behalf:

Chung Chau Kan

Director

Wong Wing Hoi

Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2021

	Attributable to owners of the Company				
	Share Capital HK\$'000 (Note 19)	Share premium HK\$'000 (Note 21)	Other reserves HK\$'000 (Note 21)	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2019	*	–	7,500	46,286	53,786
Total comprehensive income					
Profit and other comprehensive income for the year	–	–	–	6,759	6,759
Transaction with owners in their capacity as owners					
Capitalisation issue of shares	3,000	(3,000)	–	–	–
Issuance of shares upon listing	1,000	52,000	–	–	53,000
Listing expenses charged to share premium	–	(14,008)	–	–	(14,008)
Share-based payment expenses (Note 20)	–	–	1,046	–	1,046
At 31 March 2020	4,000	34,992	8,546	53,045	100,583
At 1 April 2020	4,000	34,992	8,546	53,045	100,583
Total comprehensive income					
Profit and other comprehensive income for the year	–	–	–	13,032	13,032
Transaction with owners in their capacity as owners					
Dividend paid	–	–	–	(800)	(800)
Share-based payment expenses (Note 20)	–	–	1,122	–	1,122
At 31 March 2021	4,000	34,992	9,668	65,277	113,937

* Less than HK\$1,000

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities			
Cash generated from operations	27(a)	23,401	14,089
Hong Kong profits tax paid		(2,816)	(1,717)
Net cash generated from operating activities		20,585	12,372
Cash flows from investing activities			
Interest received		251	594
Purchases of property and equipment		(246)	(2,061)
Dividend received		15	–
Purchase of financial assets at fair value through profit or loss		(3,828)	–
Additions of intangible assets		(6,710)	(6,243)
Net cash used in investing activities		(10,518)	(7,710)
Cash flows from financing activities			
Proceeds from issuance of shares upon listing		–	53,000
Interest expense		(152)	(215)
Repayment of a bank borrowing	27(b)	(540)	(453)
Dividend paid		(800)	–
Payments of professional fees in connection with the listing		–	(9,733)
Net cash (used in)/generated from financing activities		(1,492)	42,599
Net increase in cash and cash equivalents		8,575	47,261
Cash and cash equivalents at beginning of the year		57,666	10,405
Cash and cash equivalents at end of the year	18	66,241	57,666

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Novacon Technology Group Limited (the “**Company**”) was incorporated in the Cayman islands on 7 February 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is located at office E, 17th Floor, EGL Tower, No. 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited by way of placing and public offer on 2 May 2019.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the development and provision of financial trading solutions and development and supply of resource allocation, planning, scheduling and management of software and services.

These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements for the Group is consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and requirements of Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements has been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss (“**FVTPL**”) which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) **New and amended standards and interpretation adopted by the Group**

The following new and amended standards and interpretation have been adopted by the Group for the first time for the financial year commencing on 1 April 2020:

HKFRS 3	Definition of a Business (amendments)
HKAS 1 and HKAS 8	Definition of Material (amendments)
HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting (amendments)
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(ii) ***New and amended standards and framework not yet adopted***

Certain new and amended standards and framework have been published that are not mandatory for financial year beginning on 1 January 2020 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 (amendments)	1 January 2021
Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020 (amendments)	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments (amendments)	1 January 2022
HKFRS 16	Covid-19-Related Rent Concessions (amendments)	1 June 2020
AG 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1	Classification of Liabilities as Current or Non- current (amendments)	1 January 2023
HKFRS 17	Insurance Contracts (new standard)	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

The Group's management assessed that there are no new and amended standards and framework that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Subsidiaries

(a) ***Consolidation***

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. It is deconsolidated from the date that control ceases.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of comprehensive income as a bargain purchase.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

(b) Separate financial statements

Investment in a subsidiary in the Company's statement of financial position is accounted for at cost less impairment. Cost also includes direct attributable costs of investment in the Company's statement of financial position. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving dividends from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's and the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other expenses".

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Property and equipment

Property and equipment are stated at historical cost less depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Leasehold improvements are depreciated over the shorter of their useful lives or unexpired period of the lease while depreciation on other property and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives, as follows:

Land and building	Over the period of the lease
Leasehold improvement	3 years or over the lease period, whichever is shorter
Furniture and fixtures	5 years
Office equipment	5 years
Computer	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains or losses on disposals are determined by comparing the proceeds and written off amounts with the carrying amounts and are recognised in the consolidated statement of comprehensive income within "other expenses".

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Intangible assets

(a) **Goodwill**

Goodwill is measured as described in Notes 2.2(a). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) **Computer software systems**

Costs associated with maintaining software programmes are recognised as expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs, an appropriate portion of relevant overheads and finance costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(c) **Research and development**

Research expenditures and development expenditure that do not meet the criteria in (b) above are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

(d) **Customer contract**

Customer contract acquired in a business combination is recognised at fair value at the acquisition date. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment losses.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Intangible assets *(Continued)*

(e) **Amortisation methods and periods**

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods. The useful lives of computer software systems are estimated based on historical experience, which of actual useful lives of similar assets and changes in technology; while the useful lives of customer contract is estimated based on the remaining legal contract duration before expiry.

Computer software systems	5 years
Customer contract	1.4 years

The Group is required to estimate the useful lives of systems development costs in order to ascertain the amount of amortisation charged for each reporting period.

The useful lives are estimated at the time development costs incurred after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

2.7 Impairment of non-financial assets

Goodwill and intangible assets, that have an indefinite useful life, or intangible assets, which are not ready to use, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Financial assets

(a) **Classification**

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets *(Continued)*

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost of financial assets carried at FVTPL are expensed in the consolidated statement of comprehensive income.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income in the period in which it arises. Interest income from these financial assets is recognised in the consolidated statement of comprehensive income within 'other income'.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in profit or loss, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income. Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in the consolidated statement of comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets *(Continued)*

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other financial assets is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. Note 3.1(b) set out the details how the Group determines whether there has been a significant increase in credit risk.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.10 Trade receivables

These amounts represent receivables due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Other payables

Other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as 'other income' or 'finance costs'. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) **Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Current and deferred income tax *(Continued)*

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred income tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred income tax is recognised in the consolidated statement of comprehensive income.

2.17 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as part of the 'accruals and other payables' in the consolidated statement of financial position.

(b) Pension obligation – Defined contribution plan

The Group participates in a mandatory provident fund scheme ("MPF Scheme") for its employees in Hong Kong.

MPF Scheme is a defined contribution scheme in accordance with the Mandatory Provident Fund Scheme Ordinance. Under the rules of MPF Scheme, the employer and its employees are required to contribute 5% of the employees' salaries, up to a maximum of HK\$1,500 per month from 1 June 2014 onward, respectively, and thereafter contributions are voluntary. The assets of MPF Scheme are held separately from those of the Group in an independently administered fund.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Employee benefits *(Continued)*

(c) **Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(d) **Bonus plans**

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.18 Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group may receive remuneration in the form of share-based payments, whereby the employees render services as consideration for equity instruments ("**equity-settled transactions**").

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in share based payment reserve. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.19 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenues are recognised when goods are transferred or services are rendered to the customer.

Depending on the terms of the contract and the laws that apply to the contract, service may be provided over time or at a point in time. Service is provided overtime if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- 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.

If service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- time-based measure of progress; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

When determining the transaction price to be allocated from different performance obligations, the Group first determines the service fees that the Group entitles in the contract period and adjusts the transaction price for variable considerations and significant financing component, if any. The variable considerations relate to licensing and maintenance services contracts. Such variable considerations are measured based on transaction volume of customers. The Group includes in the transaction price the best estimated amount of variable considerations only for maintenance service contract to the extent that it is highly probable that a significant reversal in amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

If contracts involve the provision of multiple services, the transaction price will be allocated from each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

A contract asset is the Group's right to consideration in exchange for the services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to a consideration. A right to consideration is unconditional if only passage of time is required before payment of that consideration is due. In addition, incremental costs incurred to obtain a new contract, if recoverable, are capitalised as contract cost and subsequently amortised when the related revenue is recognised.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Revenue recognition *(Continued)*

A contract liability is the Group's obligation to render the services to a customer for which the Group has received consideration from the customer. A contract liability is recognised by the Group when the customer pays consideration but before the Group renders the service to the customer. Contract liabilities mainly included the advance payments received from sales of hardware and software and provision of initial set up and customisation services.

The following is a description of the accounting policy for the principal revenue streams of the Group.

(a) Initial setup and customisation services

The Group provides installation and customisation services of financial trading solutions and non-financial IT solutions. Initial set up and customisation services are generally provided on an on demand basis and could be completed in a short period of time. Revenue from providing such services is recognised in the accounting period in which the services are rendered, by using the input method for the specific transaction to measure the progress towards complete satisfaction of the performance obligation. Under input method, the progress is assessed on the basis of costs incurred as a proportion of the total budgeted contract costs to be incurred. Payment of the transaction is made upfront or due immediately when the installation services are provided to customers.

(b) Licensing and maintenance services

The Group licenses the right to access financial trading solutions and non-financial IT solutions and provides technical maintenance and support to licensees for licensed financial trading solutions and non-financial IT solutions for a specific period. Such services are transferred over time and revenue is recognised when the customers simultaneously receive and consume the benefits from the Group's performance of providing access to the financial software and maintenance period.

2.21 Lease

As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Rental contracts are typically made for fixed period of 1 year. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Lease *(Continued)*

As a lessee *(Continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group adopts a conservative and balanced treasury policy which focuses on the financial risks factors as below and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group's transactions are mainly denominated in HK\$ and United States dollar ("US\$"). The majority of assets and liabilities are denominated in HK\$ and US\$. There are no significant assets or liabilities denominated in other currencies.

Since HK\$ is pegged to US\$, the Group does not have significant currency risks and it is the Group's policy not to engage in speculative activities. The Group has not entered into any contracts to hedge its exposure for foreign exchange risk.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) **Market risk** *(Continued)*

(ii) *Cash flow interest rate risk*

The Group's cash flow interest rate risks primarily relate to cash at banks and a bank borrowing. The Group does not enter into any contract for interest rate hedging purposes. However, management monitors the related interest rate risk exposure closely and will consider hedging significant interest rate risk exposure should the need arise.

Had interest rates been 100 basis points higher/lower than the prevailing interest rate for the year ended 31 March 2021, with all other variables held constant, the post-tax profit and equity for the year ended 31 March 2021, would have been approximately HK\$462,000 higher/lower (2020: HK\$386,000 higher/lower), as a result of changes in interest income on cash at banks interest expenses from a bank borrowing.

(iii) *Price risk*

The Group's exposure to listed fund investments price risk arises from the investments held by the Group and classified in the consolidated statement of financial position as financial assets at FVTPL.

Had fund investments price been increased/decreased by 10%, with all other variables held constant, the post-tax profit and equity for the year ended 31 March 2021 would have been approximately HK\$421,000 higher/lower (2020: Nil), as a result of change in fair value in financial assets classified at FVTPL.

(b) **Credit risk**

Credit risk arises from cash at banks, trade receivables and contract assets and deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

To manage the risk arising from cash at banks, the Group only transacts with reputable banks which are all high-credit-quality financial institutions. There has no recent history of default in relation to these financial institutions. The expected credit loss was close to zero for the year ended 31 March 2021 (2020: same).

The Group has credit policy to monitor the level of credit risk in relation to customers. In general, the credit record and credit period for each customer or debtor are regularly assessed based on the customer's or debtor's financial condition, their credit records and other factors such as current market condition. The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets from third parties. The Group overall considers the shared credit risk characteristic and the days past due of the trade receivables and contract assets to measure the expected credit loss. Management, considered among other factors including forward looking information, analysed historical payment pattern and concluded that the expected loss rate of trade receivables and contract assets are assessed to be less than 1% for the year ended 31 March 2021 (2020: same). The loss allowance provision for these balances was close to zero during the year ended 31 March 2021 (2020: same).

For other receivables and deposits, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience. The directors believe there is no material credit risk inherent in the Group's outstanding balances of deposits and other receivables and the expected credit loss was close to zero for the year ended 31 March 2021 (2020: same).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

The Group adopts a prudent liquidity risk management by maintaining sufficient cash and bank balances and ensuring the availability of bank facilities to meet its liquidity requirements in the short and long term.

Due to the dynamic nature of the businesses environment, the Group aims to maintain flexibility in funding by keeping sufficient banking facilities if necessary. The liquidity risk of the Group is primarily attributable to accruals and other payables, and a bank borrowing.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. As at 31 March 2021, the bank borrowing with a repayment on demand clause, amounting to HK\$10,957,000 (2020: HK\$11,497,000), is included in the "on demand" time band in the maturity analysis below. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	On demand HK\$'000	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
At 31 March 2021					
Bank borrowing	10,957	–	–	–	10,957
Accruals and other payables (excluding accrued payroll and employee benefits)	–	1,072	–	–	1,072
At 31 March 2020					
Bank borrowing	11,497	–	–	–	11,497
Accruals and other payables (excluding accrued payroll and employee benefits)	–	1,404	–	–	1,404

Specifically, for a bank borrowing which contains a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest date in which the Group can be required to pay, that is if the lender was to invoke their unconditional rights to call the loans with immediate effect.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) **Liquidity risk** *(Continued)*

The table below summarises the maturity analysis of the bank borrowing (subjected to a repayment on demand clause) based on agreed scheduled repayments set out in the loan agreement. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowing will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 March 2021	744	744	2,233	8,808	12,529
At 31 March 2020	844	844	2,530	10,829	15,047

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital return to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debts.

Consistent with others in the industry, the Group monitors capital on the basis of net debt to total capital ratio. Net debt is calculated as total borrowings (including bank borrowing as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "total equity", as shown in the consolidated statement of financial position, plus net (cash)/debt. As at 31 March 2021, the Group was in a net cash position as follows:

	At 31 March 2021 HK\$'000	At 31 March 2020 HK\$'000
Bank borrowing <i>(Note 22)</i>	10,957	11,497
Less: cash and cash equivalents <i>(Note 18)</i>	(66,241)	(57,666)
Net cash	(55,284)	(46,169)
Total equity	113,937	100,583
Total capital	58,653	54,414
Net debt to total capital ratio	N/A	N/A

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

The Group analyses the financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

All the Group financial assets at FVTPL are included in Level 1 as at 31 March 2021 (2020: Nil).

There were no transfers of financial assets between levels 1, 2 and 3 during the year.

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, trade receivables, deposits and other receivables and amounts due from related companies; and the Group's current financial liabilities including trade payables, accruals and other payables, and lease liabilities approximate their fair values due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, or presentation of the consolidated financial statements within the next financial year are discussed below.

(a) Revenue recognition

Initial set up and customisation services, and licensing and maintenance services provided by the Group are agreed upon in a single revenue contract with customers. When such multiple services exist in a single revenue contract, transaction price of the revenue contract is allocated among each performance obligation identified in the revenue contract based on their relative stand-alone selling price. Management has applied judgement in estimating the stand-alone selling price.

Revenue from initial set up and customisation services are recognised over time by using input method as detailed in Note 2.20(a). Management has applied judgement in estimating the total budgeted contract costs for input method to measure the progress towards complete satisfaction of performance obligation.

(b) Capitalisation of development costs incurred on computer software systems

Development costs incurred on computer software systems are capitalised as intangible assets when recognition criteria as detailed in Note 2.6(b) are fulfilled. Management has applied its judgements in the determination of whether these software products could generate probable future economic benefits to the Group based on the historical experience and the prospects of the markets; and whether the employee benefit costs are appropriately identified for capitalisation and that such costs are appropriately associated with computer software systems in the development phase of production.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION

	2021 HK\$'000	2020 HK\$'000
Licensing and maintenance services	39,541	41,591
Initial set up and customisation services	3,188	1,366
	42,729	42,957

(a) Disaggregation of revenue from contracts with customers

During the year ended 31 March 2021, all sources of revenue were recognised over time (2020: same).

(b) Assets and liabilities related to contracts with customers

	Note	2021 HK\$'000	2020 HK\$'000
Contract assets	(i)	1,985	336
Contract liabilities	(ii)	366	283

Note:

- (i) Contract assets represent revenue of licensing and maintenance services and initial set up and customisation services recognised prior to the agreed payment schedule date. Contract assets increased by HK\$1,649,000 during the year ended 31 March 2021 and such increase was primarily due to more initial set up and customisation service in progress during the year. There was no impairment loss recognised on contract assets during the year ended 31 March 2021.
- (ii) Contract liabilities represent advance payments received from provision of initial set up and customisation services and provision of licensing and maintenance services. During the year ended 31 March 2021, contract liabilities increased by HK\$83,000 and such increase was due to increase in advance payments received from customers for provision of licensing and maintenance services of financial trading solutions.
- (iii) During the year ended 31 March 2021, all carried-forward contract liabilities at the beginning of financial year were fully recognised as revenue (2020: Same).
- (iv) As at 31 March 2021, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was HK\$7,587,000 (2020: HK\$3,764,000). Management expects that the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the related services, mainly related to provision of maintenance services, are provided over the next 5 years (2020: 6 years) for the year ended 31 March 2021.

The Group has elected the practical expedient for not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for revenue contracts which have an original expected duration of one year or less.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Segment information

The executive directors have been identified as the CODM of the Group who review the Group's internal reporting in order to assess performance and allocate resources. For the year ended 31 March 2021, the directors considered that the Group's operations were operated and managed as a single segment and no separate segment information was presented for the financial years (2020: same).

The Group domiciles and operates in Hong Kong. All revenue and non-current assets of the Group was generated and were located in Hong Kong during the year ended 31 March 2021 (2020: same).

(d) Information about major customers

Certain customers contributed more than 10% of the total sales of the Group during the year. The amount of sales of these customers are disclosed as follows:

	2021 HK\$'000	2020 HK\$'000
Customer A	7,836	7,818
Customer B	4,590	N/A
Customer C	4,573	N/A

N/A: The revenue of the particular customer for the particular year was less than 10% of the Group's revenue for the particular year.

6 OTHER INCOME

	2021 HK\$'000	2020 HK\$'000
Other income	41	13
Interest income on bank deposits	2	337
Government grant <i>(Note)</i>	1,649	–
Dividend from fund investments	15	–
Change in fair value of financial assets at fair value through profit or loss <i>(Note 26(ii))</i>	381	–
Interest income on time deposits	254	499
	2,342	849

Note: Wages subsidies of HK\$1,593,000 were granted from the Hong Kong SAR Government's Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to November 2020.

Remaining subsidies of HK\$56,000 were granted from the FinTech Anti-epidemic Scheme for Talent Development ("FAST") launched by Cyberport.

Notes to the Consolidated Financial Statements

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 HK\$'000	2020 HK\$'000
Salaries and allowances	16,235	15,714
Discretionary bonuses	3,134	2,433
Pension costs – defined contribution plans	522	522
Staff welfare and benefits	57	57
Share-based payment expenses	1,122	1,046
	21,070	19,772
Less: staff costs capitalised as development costs of computer software systems	(7,442)	(6,498)
	13,628	13,274

Note: During the year ended 31 March 2021, employee benefits costs related to research and development staff, amounting to HK\$3,567,000 (2020: HK\$1,632,000), were recognised as employee benefit expenses in the consolidated statement of comprehensive income.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two directors (2020: two directors) whose emoluments are reflected in the analysis shown in Note 8 during the year ended 31 March 2021. The emoluments payable to the remaining three individuals (2020: three individuals) for the year ended 31 March 2021 are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and allowances	2,261	2,282
Discretionary bonuses	553	823
Pension costs – defined contribution plans	54	47
Staff welfare and benefits	46	46
Share-based payment expenses	337	219
	3,251	3,417

The emoluments fell within the following band:

	Number of individuals	
	2021	2020
HK\$500,000 – HK\$1,000,000	1	1
HK\$1,000,001 – HK\$1,500,000	2	2

Notes to the Consolidated Financial Statements

8 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of each director for the year ended 31 March 2021 is set out below:

	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Allowances and benefits in kind (Note(ii)) HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
For the year ended 31 March 2021						
<i>Executive directors:</i>						
Mr. Chung Chau Kan	122	1,221	1,077	361	18	2,799
Mr. Wong Wing Hoi	122	831	248	146	18	1,365
<i>Non-executive director:</i>						
Mr. Wei Ming (chairman)	-	-	-	-	-	-
<i>Independent non-executive directors:</i>						
Mr. Wu Kin San Alfred	122	-	-	-	-	122
Mr. Moo Kai Pong	122	-	-	-	-	122
Mr. Lo Chi Wang	122	-	-	-	-	122
	610	2,052	1,325	507	36	4,530

The remuneration of each director for the year ended 31 March 2020 is set out below:

	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Allowances and benefits in kind (Note(ii)) HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
For the year ended 31 March 2020						
<i>Executive directors:</i>						
Mr. Chung Chau Kan	120	1,085	977	330	20	2,532
Mr. Wong Wing Hoi	110	710	150	129	20	1,119
<i>Non-executive director:</i>						
Mr. Wei Ming (chairman)	-	-	-	-	-	-
<i>Independent non-executive directors:</i>						
Mr. Wu Kin San Alfred	110	-	-	-	-	110
Mr. Moo Kai Pong	110	-	-	-	-	110
Mr. Lo Chi Wang	110	-	-	-	-	110
	560	1,795	1,127	459	40	3,981

Notes to the Consolidated Financial Statements

8 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

- (i) The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Company's subsidiaries and no directors waived any emolument during the year.

No emoluments were paid by the Company or the Company's subsidiaries to the directors as an inducement to join the Company or the Company's subsidiaries, or as compensation for loss of office during the year.

- (ii) The amount includes housing allowances and estimated money value of other non-cash benefit: share option.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2020: Nil).

(c) Consideration provided to third parties for making available directors' services

No consideration was made to third parties for making available directors' services during the year (2020: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year

No loans, quasi-loans and other dealings were made available in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2020: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 28, no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiary was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of each reporting period or at any time during the year (2020: Nil).

9 OTHER EXPENSES

	2021 HK\$'000	2020 HK\$'000
Advertising expenses	62	186
Auditor's remuneration		
– Audit services	650	1,000
– Non-audit services	–	84
Building management fees	77	84
Entertainment expenses	90	160
Exchange (gain)/loss, net	(136)	303
Insurance expenses	202	163
Loss on write-off of property and equipment	2	14
Legal and professional fee	1,380	2,221
Telephone and utilities	463	146
Others	969	1,042
Total other expenses	3,759	5,403

Notes to the Consolidated Financial Statements

10 FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Finance costs on		
– Bank borrowing	233	417
Amounts capitalised (Note i)	(81)	(202)
Finance costs	152	215

Note i: The amounts represent borrowing costs capitalised as development costs of intangible assets. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowing. During the year ended 31 March 2021, the capitalisation rate was 2.06% (2020: 3.55%).

11 INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying group entity in Hong Kong will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits for the Group's qualifying entity and at 16.5% on the estimated assessable profits above HK\$2,000,000 for the year ended 31 March 2021 (2020: same). The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% (2020: same). The amount of tax charged to the consolidated statement of comprehensive income represents:

	2021 HK\$'000	2020 HK\$'000
Hong Kong profits tax		
– Current year	2,733	2,805
– Over-provision of tax in prior year	(47)	(40)
Deferred income tax	(120)	393
Income tax expense	2,566	3,158

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2021 HK\$'000	2020 HK\$'000
Profit before income tax	15,598	9,917
Tax calculated at respective tax rates	2,409	1,472
Income not subject to tax	(403)	(138)
Expenses not deductible for tax purpose	627	1,864
Tax waiver	(20)	–
Over-provision of tax in prior year	(47)	(40)
Income tax expense	2,566	3,158

Notes to the Consolidated Financial Statements

12 SUBSIDIARIES

The Group's principal subsidiaries at the reporting date are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiary	Place of incorporation/ establishment and kind of legal entity	Registered/ issued and paid-up capital	Effective interest held by the Group		Principal activities and place of operation
			2021	2020	
Directly owned:					
Motion Cast Limited	British Virgin Islands, limited company	1 ordinary share US\$1	100%	100%	Investment holding, Hong Kong
Indirectly owned:					
Global eSolutions (HK) Limited ("GES")	Hong Kong, limited company	100 ordinary shares HK\$7,500,000	100%	100%	Development and provision of financial trading solutions, Hong Kong
Real Logic Technology Company Limited ("RLT")	Hong Kong, limited company	100,000 ordinary shares HK\$100,000	100%	100%	Development and supply of resource allocation, planning, scheduling and management of software and services, Hong Kong
Win Investment (HK) Limited ("WIL")	Hong Kong, limited company	100 ordinary shares HK\$100	100%	100%	Properties investment, Hong Kong

13 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 March	
	2021	2020
Profit attributable to owners of the Company (HK\$'000)	13,032	6,759
Weighted average number of ordinary shares in issue (thousands) (Note)	400,000	391,530
Basic earnings per share (HK cents)	3.26	1.73

Note: The weighted average number of shares in issue for the year ended 31 March 2019 for the purpose of earnings per share computation has been retrospectively adjusted for the effect of the 10 shares and 90 shares issued on 7 February 2018 and 21 March 2019, respectively pursuant to the Reorganisation, and 299,999,900 shares issued under the capitalisation issue which took place on 2 May 2019.

Notes to the Consolidated Financial Statements

13 EARNINGS PER SHARE (Continued)

(b) Diluted

In calculating the diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential shares from share options. For the year ended 31 March 2021, adjustment has been made to determine the number of shares that could have been acquired at fair value (according to the average annual market price of the shares of the Company) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated below is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the year ended 31 March 2020 was the same as basic earnings per share since the exercise of share options would have an anti-dilutive effect.

	Year ended 31 March	
	2021	2020
Profit attributable to owners of the Company (HK\$'000)	13,032	6,759
Weighted average number of ordinary shares in issue (thousands) (Note)	400,017	391,530
Diluted earnings per share (HK cents)	3.26	1.73

Note:

	Year ended 31 March	
	2021	2020
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (thousands)	400,000	391,530
Adjustments for calculation of diluted earnings per share: Share options (thousands)	17	–
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	400,017	391,530

Notes to the Consolidated Financial Statements

14 PROPERTY AND EQUIPMENT

	Land and building	Furniture and fixtures	Office equipment	Computers	Leasehold improvement	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019						
Cost	35,010	334	2,806	3,231	1,220	42,601
Accumulated depreciation	(531)	(213)	(2,781)	(1,713)	(69)	(5,307)
Net book amount	34,479	121	25	1,518	1,151	37,294
Year ended 31 March 2020						
Opening net book amount	34,479	121	25	1,518	1,151	37,294
Additions	–	11	–	2,050	–	2,061
Depreciation	(1,220)	(43)	(8)	(749)	(407)	(2,427)
Written-off						
– Cost	–	–	–	(20)	–	(20)
– Accumulated depreciation	–	–	–	6	–	6
Closing net book amount	33,259	89	17	2,805	744	36,914
At 31 March 2020						
Cost	35,010	345	2,806	5,261	1,220	44,642
Accumulated depreciation	(1,751)	(256)	(2,789)	(2,456)	(476)	(7,728)
Net book amount	33,259	89	17	2,805	744	36,914
Year ended 31 March 2021						
Opening net book amount	33,259	89	17	2,805	744	36,914
Additions	–	–	18	261	–	279
Depreciation	(1,220)	(43)	(8)	(925)	(406)	(2,602)
Written-off						
– Cost	–	(26)	(36)	(142)	–	(204)
– Accumulated depreciation	–	24	36	142	–	202
Closing net book amount	32,039	44	27	2,141	338	34,589
At 31 March 2021						
Cost	35,010	319	2,788	5,380	1,220	44,717
Accumulated depreciation	(2,971)	(275)	(2,761)	(3,239)	(882)	(10,128)
Net book amount	32,039	44	27	2,141	338	34,589

The land and building was pledged as security against the bank borrowing (Note 22) as at 31 March 2021 (2020: same).

Notes to the Consolidated Financial Statements

15 INTANGIBLE ASSETS

	Goodwill HK\$'000	Computer software systems HK\$'000	Capitalised development costs HK\$'000	Customer contract HK\$'000	Total HK\$'000
At 1 April 2019					
Cost	110	15,589	4,960	601	21,260
Accumulated amortisation	–	(6,155)	–	(601)	(6,756)
Net book amount	110	9,434	4,960	–	14,504
Year ended 31 March 2020					
Opening net book amount	110	9,434	4,960	–	14,504
Additions	–	–	6,701	–	6,701
Transfer	–	9,650	(9,650)	–	–
Amortisation	–	(3,527)	–	–	(3,527)
Closing net book amount	110	15,557	2,011	–	17,678
At 31 March 2020					
Cost	110	25,239	2,011	601	27,961
Accumulated amortisation	–	(9,682)	–	(601)	(10,283)
Net book amount	110	15,557	2,011	–	17,678
Year ended 31 March 2021					
Opening net book amount	110	15,557	2,011	–	17,678
Additions	–	–	7,523	–	7,523
Transfer	–	2,361	(2,361)	–	–
Amortisation	–	(4,936)	–	–	(4,936)
Closing net book amount	110	12,982	7,173	–	20,265
At 31 March 2021					
Cost	110	27,600	7,173	601	35,484
Accumulated amortisation	–	(14,618)	–	(601)	(15,219)
Net book amount	110	12,982	7,173	–	20,265

(a) Goodwill

Goodwill of HK\$110,000 arose from the acquisition of RLT. On 27 October 2016, GES entered into a sale and purchase agreement with Ms. Yip Kim Kam, who is a close family member of a director of GES, to acquire the entire equity interest in RLT at a cash consideration of HK\$650,000. The acquisition was completed on 27 October 2016.

(b) Computer software systems

Computer software systems are internally developed systems and the costs of the systems represent all direct costs incurred in the development. The systems are amortised over the estimated useful life of 5 years.

Notes to the Consolidated Financial Statements

15 INTANGIBLE ASSETS *(Continued)*

(c) Capitalised development costs

Capitalised development costs represent all direct costs incurred for the development of computer software systems. Such capitalised costs will not be subject to amortisation until the underlying computer software under development are ready for use. It will be tested for impairment annually and whenever there is an indication that it may be impaired.

(d) Customer contract

The customer contract arose from the acquisition of RLT which was completed on 27 October 2016. The customer contract represents a service contract signed between RLT and its main contractor to develop a timetabling software and has met the recognition criteria of intangible assets to recognise separately from the goodwill. This intangible asset is amortised over the expected useful life of 1.4 years.

(e) Impairment test

Goodwill and capitalised development costs not ready for use are tested annually based on the recoverable amount of the cash generating unit ("CGU") to which the intangible asset is related.

There are two identified CGUs which include the (i) financial IT solutions CGU and (ii) non-financial IT solutions CGU. As at 31 March 2021, goodwill amounted to HK\$110,000 (2020: HK\$110,000) was allocated to the non-financial IT solutions CGU and capitalised development costs amounted to HK\$7,173,000 (2020: HK\$2,011,000) was allocated to the financial IT solutions CGU for impairment test.

The recoverable amount of each CGU is determined based on a value-in-use calculation which uses cash flow projection based on a five-year financial budget approved by the directors. Assumed growth rate is used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a five-year business plan.

For financial IT solutions CGU, the pre-tax discount rate applied to cash flow projections was around 20.6% (2020: 20.6%) and the cash flows beyond the five-year period are extrapolated using an annual growth rate of 2% (2020: 2%) for the year.

For non-financial IT solutions CGU, the pre-tax discount rate applied to cash flow projections was around 22.3% (2020: 22.3%) and the cash flows beyond the five-year period are extrapolated using an annual growth rate of 2% (2020: 2%) for the year.

As at 31 March 2021, the directors assessed the recoverable amount of each CGU and determined that no impairment loss was recognised for the goodwill and the capitalised development costs not ready for use as the recoverable amounts exceeded the carrying amounts (2020: same).

Notes to the Consolidated Financial Statements

16 FINANCIAL INSTRUMENTS BY CATEGORY

	2021 HK\$'000	2020 HK\$'000
Assets included in the consolidated statement of financial position		
Financial assets measured at amortised cost		
Trade receivables (Note 17)	1,889	3,025
Deposits and other receivables (Note 17)	513	660
Cash and cash equivalents (Note 18)	66,241	57,666
	68,643	61,351
Financial assets measured through profit or loss		
	4,209	–
	72,852	61,351
Financial liabilities measured at amortised cost		
	2021 HK\$'000	2020 HK\$'000
Liabilities included in the consolidated statement of financial position		
Accruals and other payables (excluding accrued payroll and employee benefits) (Note 23)	1,072	1,404
Bank borrowing (Note 22)	10,957	11,497
	12,029	12,901

17 TRADE RECEIVABLES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	1,899	3,025
Deposits	507	405
Prepayment	864	503
Other receivables	6	255
	3,276	4,188
Less: non-current portion of deposits	(19)	(19)
Trade receivables, deposits, prepayment and other receivables	3,257	4,169

The carrying amounts of the Group's trade receivables, deposits, prepayment and other receivables approximated their fair values at the end of each reporting period.

Notes to the Consolidated Financial Statements

17 TRADE RECEIVABLES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES *(Continued)*

(i) Trade receivables

Credit period ranging from 0 days to 30 days were granted to the customers. As at the end of each reporting period, the ageing analysis of trade receivables by the invoice date was as follows:

	2021 HK\$'000	2020 HK\$'000
Less than 30 days	1,143	1,520
31 days to 90 days	603	905
Over 90 days	153	600
	1,899	3,025

The Group's trade receivables were denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
US\$	1,650	2,457
HK\$	249	568
	1,899	3,025

No impairment loss was recognised during the year ended 31 March 2021 (2020: same). Information about the impairment of trade receivables can be found in Note 3.1(b).

The maximum exposure to credit risk at the reporting date was the fair value of the receivables mentioned above. The Group did not hold any collateral as security.

18 CASH AND CASH EQUIVALENTS

	2021 HK\$'000	2020 HK\$'000
Cash at banks	66,241	57,666
Maximum exposure to credit risk	66,241	57,666

The carrying amounts of cash and cash equivalents were denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
HK\$	20,105	32,001
US\$	46,136	25,317
Japanese yen	–	155
Renminbi	–	193
	66,241	57,666

Notes to the Consolidated Financial Statements

19 SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2019	10,000,000,000	100,000
At 31 March 2020, 1 April 2020 and 31 March 2021	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2019	100	*
Capitalisation issue of shares (Note (a))	299,999,900	3,000
Issuance of shares upon listing (Note (a))	100,000,000	1,000
At 31 March 2020, 1 April 2020 and 31 March 2021	400,000,000	4,000

* Less than HK\$1,000

Note:

- (a) On 2 May 2019, pursuant to the capitalisation issue approved on 29 March 2019, the Company issued a total number of additional 299,999,900 shares to Essential Strategy Investments Limited and Expert Wisdom Holdings Limited, credited as fully paid, by way of capitalisation of HK\$2,999,999 standing to the credit of the Company's share premium account. On the same date, the Company issued a total of 100,000,000 shares by way of public offer and placing at a price of HK\$0.53 each for a total consideration of HK\$38,992,000, net of share issuing expenses, and successfully listed its shares on GEM of the Stock Exchange of Hong Kong Limited.

20 SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 29 March 2019. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which any member of the Group holds any equity interest.

(i) 2019 Share Option Scheme

On 15 August 2019, the Company has granted a total number of 36,400,000 share options (the "2019 Share Option") to certain eligible participants (the "Grantee(s)") under the Share Option Scheme which will entitle the Grantees to subscribe for a total number of 36,400,000 Shares. The details of 2019 Share Option are summarised as follows:

	% of the total share options	2019 Share Option	
		Vesting Period	Exercise period
Tranche 1	50%	15 August 2019 to 14 August 2020	15 August 2020 to 14 August 2029
Tranche 2	50%	15 August 2019 to 14 August 2021	15 August 2021 to 14 August 2029

Among the 36,400,000 share options granted above, 4,800,000 share options were granted to two Grantees who are a director and an associate of a director and substantial shareholder of the Company (the "Connected Grantee(s)").

Notes to the Consolidated Financial Statements

20 SHARE OPTION SCHEME (Continued)

(i) 2019 Share Option Scheme (Continued)

The movements of the share options outstanding under the 2019 Share Option during the year ended 31 March 2021 are as follows:

Name and position/capacity of participant	Date of grant	Exercise price (HK\$)	Number of Shares represented by share options outstanding as at 1 April 2020	Number of share options granted during the year	Share options exercised during the year	Share options forfeited during the year	Number of Shares represented by share options outstanding as at 31 March 2021
Connected Grantees							
Mr. Wong Wing Hoi (<i>Executive director</i>)	15 August 2019	0.178	4,000,000	-	-	-	4,000,000
Mr. Wei Chun Pong Benjamin (<i>Associate of a non-executive director and substantial shareholder</i>)	15 August 2019	0.178	800,000	-	-	-	800,000
Employees	15 August 2019	0.178	27,600,000	-	-	-	27,600,000
Total number of share options			32,400,000	-	-	-	32,400,000

The movements of the share options outstanding under the 2019 Share Option during the year ended 31 March 2020 are as follows:

Name and position/capacity of participant	Date of grant	Exercise price (HK\$)	Number of Shares represented by share options outstanding as at 1 April 2019	Number of share options granted during the year	Share options exercised during the year	Share options forfeited during the year	Number of Shares represented by share options outstanding as at 31 March 2020
Connected Grantees							
Mr. Wong Wing Hoi (<i>Executive director</i>)	15 August 2019	0.178	-	4,000,000	-	-	4,000,000
Mr. Wei Chun Pong Benjamin (<i>Associate of a non-executive director and substantial shareholder</i>)	15 August 2019	0.178	-	800,000	-	-	800,000
Employees	15 August 2019	0.178	-	31,600,000	-	(4,000,000)	27,600,000
Total number of share options			-	36,400,000	-	(4,000,000)	32,400,000

Notes to the Consolidated Financial Statements

20 SHARE OPTION SCHEME (Continued)

(i) 2019 Share Option Scheme (Continued)

	2019 Share Option	
	Tranche 1	Tranche 2
Fair value at grant date (per share)	HK\$0.078	HK\$0.082

The 2019 Share Option was measured at fair value at grant date using Black-Scholes model with following key assumptions:

	2019 Share Option	
	Tranche 1	Tranche 2
Share price at grant date (per share)	HK\$0.162	HK\$0.162
Exercise price (per share)	HK\$0.178	HK\$0.178
Expected life (years)	5.5	6
Expected volatility	55.89%	56.23%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.15%	1.15%

For the year ended 31 March 2021, the Group recognised share-based payment expenses amounting to approximately HK\$1,102,000 (2020: HK\$1,046,000), which has been charged to the consolidated statement of comprehensive income.

16,200,000 share options were exercisable as at 31 March 2021(2020: None).

(ii) 2020 Share Option Scheme

On 3 November 2020, the Company has granted a total number of 1,600,000 share options (the "2020 Share Option") to the Grantees under the Share Option Scheme which will entitle the Grantees to subscribe for a total number of 1,600,000 Shares. The details of 2020 Share Option are summarised as follows:

	% of the total share options	2020 Share Option	
		Vesting Period	Exercise period
Tranche 1	50%	3 November 2020 to 2 November 2021	3 November 2021 to 2 November 2030
Tranche 2	50%	3 November 2020 to 2 November 2022	3 November 2022 to 2 November 2030

Among the 1,600,000 share options granted above, 800,000 share options were granted to 1 Connected Grantee who is a director.

Notes to the Consolidated Financial Statements

20 SHARE OPTION SCHEME (Continued)

(ii) 2020 Share Option Scheme (Continued)

The movements of the share options outstanding under the 2020 Share Option during the year ended 31 March 2021 are as follows:

Name and position/capacity of participant	Date of grant	Exercise price (HK\$)	Number of Shares represented by share options outstanding as at 1 April 2020	Number of share options granted during the year	Share options exercised during the year	Share options forfeited during the year	Number of Shares represented by share options outstanding as at 31 March 2021
Connected Grantee							
Mr. Wong Wing Hoi (<i>Executive director</i>)	3 November 2020	0.095	–	800,000	–	–	800,000
Employee	3 November 2020	0.095	–	800,000	–	–	800,000
Total number of share options			–	1,600,000	–	–	1,600,000

	2020 Share Option	
	Tranche 1	Tranche 2
Fair value at grant date (per share)	HK\$0.046	HK\$0.046

The 2020 Share Option was measured at fair value at grant date using Black-Scholes model with following key assumptions:

	2020 Share Option	
	Tranche 1	Tranche 2
Share price at grant date (per share)	HK\$0.095	HK\$0.095
Exercise price (per share)	HK\$0.095	HK\$0.095
Expected life (years)	5.5	6
Expected volatility	55.27%	54.01%
Expected dividend yield	0.20%	0.20%
Risk-free interest rate	0.29%	0.29%

For the year ended 31 March 2021, the Group recognised share-based payment expenses amounting to approximately HK\$21,000, which has been charged to the consolidated statement of comprehensive income.

No share options were exercisable as at 31 March 2021.

Notes to the Consolidated Financial Statements

21 OTHER RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000 (Note(i))	Share-based payment reserve HK\$'000	Total HK\$'000
At 1 April 2019	–	7,500	–	7,500
Transaction with owners in their capacity as owners				
Capitalisation issue of shares	(3,000)	–	–	(3,000)
Issuance of shares upon listing	52,000	–	–	52,000
Listing expenses charged to share premium	(14,008)	–	–	(14,008)
Share-based payment expenses	–	–	1,046	1,046
At 31 March 2020	34,992	7,500	1,046	43,538
At 1 April 2020	34,992	7,500	1,046	43,538
Transaction with owners in their capacity as owners				
Share-based payment expenses	–	–	1,122	1,122
At 31 March 2021	34,992	7,500	2,168	44,660

Note:

- (i) Capital reserve of HK\$7,500,000 represented the difference between the share capital of GES, RLT and WIL acquired over the nominal value of the share capital of the Company issued in exchange thereof as part of the reorganisation prior to the listing of the Company.

Notes to the Consolidated Financial Statements

22 BANK BORROWING

	2021 HK\$'000	2020 HK\$'000
Bank borrowing	10,957	11,497

As at 31 March 2021, the Group had aggregated bank facilities of approximately, HK\$18,957,000 (2020: HK\$19,497,000), for a revolving loan and a term loan. Unutilised facilities as at the same date amounted to approximately HK\$8,000,000 (2020: HK\$8,000,000).

As at 31 March 2021, the bank borrowing was secured by a corporate guarantee from the Company and a land and building with carrying amount of HK\$32,039,000 (Note 14) (2020: HK\$33,259,000).

As at 31 March 2021, the Group's bank borrowing contractually due for repayment after one year, amounting to HK\$10,957,000 (2020: HK\$11,497,000), contained a repayable on demand clause and was classified as current liabilities. The following table is prepared based on the schedule repayment date set out in the relevant agreement and ignore the effect of any repayment on demand right:

	2021 HK\$'000	2020 HK\$'000
Within one year	571	488
Between one and five years	2,378	2,114
Over five years	8,008	8,895
	10,957	11,497

The carrying amount of the bank borrowing was denominated in HK\$.

During the year ended 31 March 2021, the effective interest rate of the bank borrowing was 2.06% (2020: 3.55%).

23 ACCRUALS AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Accrued payroll and employee benefits	3,213	1,745
Accrued expenses and other payables	1,072	1,404
Accruals and other payables	4,285	3,149

The Group's accruals and other payables were denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
US\$	13	–
HK\$	4,272	3,149
	4,285	3,149

All accruals and other payables were expected to be settled within one year.

Notes to the Consolidated Financial Statements

24 DEFERRED INCOME TAX

Deferred income tax asset and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on the taxable entity where there is an intention to settle the balances on a net basis.

For each of the reporting period, deferred income tax was calculated in full on temporary differences under the liability method using a principal tax rate of 16.5%.

(i) Deferred income tax asset

The analysis of deferred income tax asset is as follow:

	2021 HK\$'000	2020 HK\$'000
Deferred income tax asset to be recovered within 12 months	69	69
Deferred income tax asset to be recovered after more than 12 months	129	156
	198	225

The movements in deferred income tax asset during the years were as follows:

Deferred income tax asset

	2021 HK\$'000	2020 HK\$'000
At beginning of the year	225	216
(Charged)/credit to the consolidated statement of comprehensive income	(27)	9
At end of the year	198	225

(ii) Deferred income tax liabilities

	2021 HK\$'000	2020 HK\$'000
Deferred income tax liabilities to be recovered within 12 months	217	188
Deferred income tax liabilities to be recovered after more than 12 months	364	540
	581	728

The movements in deferred income tax liabilities during the year were as follows:

Deferred income tax liabilities

	2021 HK\$'000	2020 HK\$'000
At beginning of the year	728	326
(Credited)/charged to the consolidated statement of comprehensive income	(147)	402
At end of the year	581	728

Notes to the Consolidated Financial Statements

25 DIVIDENDS

	2021 HK\$'000	2020 HK\$'000
Final dividend, proposed of HK\$0.002 (2020: HK\$0.002) per ordinary share	800	800

Notes:

- (a) At the board meeting held on 18 June 2021, the Board recommended the payment of a final dividend of HK\$0.002 per ordinary share, totaling HK\$800,000. The dividend was not reflected as dividends payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2022 after receiving the shareholders' approval at the forthcoming annual general meeting.
- (b) At the board meeting held on 12 June 2020, the Board recommended the payment of a final dividend of HK\$0.002 per ordinary share, totaling HK\$800,000. The dividend was not reflected as dividends payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2021 after receiving the shareholders' approval at the forthcoming annual general meeting.

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at FVTPL:

- debt investments that do not qualify for measurement at either amortised cost or financial asset at fair value through other comprehensive income;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

Financial assets mandatorily measured at FVTPL include the following:

	2021 HK\$'000	2020 HK\$'000
Non-current assets		
Listed fund investments	4,209	–
	4,209	–

(ii) Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss:

	2021 HK\$'000	2020 HK\$'000
Fair value gains on listed fund investments at FVTPL recognised in other income (Note 6)	381	–
	381	–

Notes to the Consolidated Financial Statements

27 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2021 HK\$'000	2020 HK\$'000
Profit before income tax	15,598	9,917
Adjustments for:		
– Bank interest income	(256)	(836)
– Dividend Income	(15)	–
– Interest expense (Note 10)	152	215
– Depreciation of property and equipment (Note 14)	2,602	2,427
– Amortisation of intangible assets (Note 15)	4,936	3,527
– Share-based payment expenses	309	588
– Loss on write-off of property and equipment (Note 9)	2	14
– Change in fair value of financial assets at fair value through profit or loss	(381)	–
Operating profit before working capital changes	22,947	15,852
Changes in working capital:		
– Trade receivables	1,126	(904)
– Deposits, prepayment and other receivables	(209)	(8,474)
– Contract assets	(1,649)	177
– Contract liabilities	83	(4)
– Accruals and other payables	1,103	7,442
Cash generated from operations	23,401	14,089

(b) Reconciliation of liabilities arising from financing activities

	Bank borrowing (current) HK\$'000
For the year ended 31 March 2020	
At 1 April 2019	11,950
Cash flows	
– Repayment of a bank borrowing	(453)
At 31 March 2020	11,497
For the year ended 31 March 2021	
At 1 April 2020	11,497
Cash flows	
– Repayment of a bank borrowing	(540)
At 31 March 2021	10,957

(c) Non-cash transaction

During the year ended 31 March 2021, the Group capitalised share-based payment expenses as development costs of intangible assets, amounting to HK\$813,000 (2020: HK\$458,000).

Notes to the Consolidated Financial Statements

28 RELATED PARTY TRANSACTIONS

As at 31 March 2021, the directors considered Mr. Wei Ming and Essential Strategy Investments Limited, which is incorporated in British Virgin Islands, as the ultimate controlling shareholder and immediate holding company of the Company, respectively (2020: same).

(a) Significant related party transactions

The Group had the following related party transaction during the year.

Name of party	Nature of transaction	2021 HK\$'000	2020 HK\$'000
Mr. Wei Chun Pong, Benjamin ^(Note)	Employee benefits expenses	394	351

Note: Mr. Wei Chun Pong, Benjamin is a close family member of Mr. Wei Ming, the non-executive director of the Company. The above transaction was conducted in the normal course of business of the Company and charged at terms mutually agreed by the parties concerned or in accordance with the terms of the underlying agreements, where appropriate.

(b) Key management compensation

Compensation of key management personnel of the Group, including directors' emoluments as disclosed in Note 8 to the consolidated financial statements, was as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and allowances	3,926	4,372
Discretionary bonuses	1,501	1,853
Pension costs – defined contribution plans	54	69
Staff welfare and benefits	45	46
Share-based payment expenses	292	258
	5,818	6,598

Notes to the Consolidated Financial Statements

29 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Investment in a subsidiary		69,942	69,942
		69,942	69,942
Current assets			
Prepayment		351	369
Amounts due from fellow subsidiaries		13,962	16,294
Cash and cash equivalents		83	117
		14,396	16,780
Total assets		84,338	86,722
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,000	4,000
Other reserves	29(b)	107,102	105,980
Accumulated losses	29(b)	(28,788)	(25,576)
Total equity		82,314	84,404
LIABILITIES			
Current liabilities			
Accruals		2,024	2,318
Total liabilities		2,024	2,318
Total equity and liabilities		84,338	86,722

Notes to the Consolidated Financial Statements

29 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

(b) Reserve movement of the Company

	Share premium HK\$'000	Capital reserve HK\$'000 (Note)	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019	–	69,942	–	(17,704)	52,238
Total comprehensive income					
Loss and other comprehensive loss for the year	–	–	–	(7,872)	(7,872)
Transaction with owners in their capacity as owners					
Capitalisation issue of shares	(3,000)	–	–	–	(3,000)
Issuance of shares upon listing	52,000	–	–	–	52,000
Listing expense charged to share premium	(14,008)	–	–	–	(14,008)
Share-based payment expense	–	–	1,046	–	1,046
At 31 March 2020	34,992	69,942	1,046	(25,576)	80,404
At 1 April 2020	34,992	69,942	1,046	(25,576)	80,404
Total comprehensive income					
Loss and other comprehensive loss for the year	–	–	–	(2,412)	(2,412)
Transaction with owners in their capacity as owners					
Dividend paid	–	–	–	(800)	(800)
Share-based payment expense	–	–	1,122	–	1,122
At 31 March 2021	34,992	69,942	2,168	(28,788)	78,314

Note: The capital reserve of the Company represents the aggregated net asset value of the subsidiaries acquired by the Company pursuant to the reorganisation.

Financial Summary

The following is a summary of the published results and of the assets and liabilities of the Group prepared on the bases set out in the note below:

RESULTS

	Year ended 31 March				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	42,729	42,957	44,242	43,474	44,255
Profit before tax	15,598	9,917	9,087	9,493	16,113
Income tax expense	(2,566)	(3,158)	(2,602)	(3,067)	(2,750)
Profit for the year	13,032	6,759	6,485	6,426	13,363

ASSETS AND LIABILITIES

	As at 31 March				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Non-current assets	59,280	54,836	52,080	47,543	13,030
Current assets	71,483	62,171	19,717	19,130	31,053
Non-current liabilities	(581)	(728)	(326)	(346)	(362)
Current liabilities	(16,245)	(15,696)	(17,685)	(19,026)	(2,846)
Net assets	113,937	100,583	53,786	47,301	40,875
Equity attributable to owners of the Company:					
Share capital	4,000	4,000	*	*	*
Other reserves	44,660	43,538	7,500	7,500	–
Retained earnings	65,277	53,045	46,286	39,801	40,875
Total equity	113,937	100,583	53,786	47,301	40,875

Note: The financial information for the years ended 31 March 2017 and 2018 were extracted from the Prospectus. Such financial information was prepared as if the current structure of the Group has been existence throughout these financial years and is presented on the basis as set out in the Prospectus of the Company.

* Less than HK\$1,000

Definitions

In this report, unless the context otherwise requires, the following expressions have the following meaning:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Articles”	the amended and restated articles of association of the Company, conditionally adopted on 29 March 2019 and effective on the Listing Date, as amended, supplemented or otherwise modified from time to time
“Audit Committee”	the audit committee of the Board
“AUTON”	a trading terminal targeted to be used by retail investors for trading both OTC-traded and stock exchange-traded financial instruments, one of the Group’s internally-developed financial trading solutions
“Board”	the board of Directors of the Company
“CG Code”	Corporate Governance Code and Corporate Governance Report set out in Appendix 15 of the GEM Listing Rules
“Chairman”	the chairman of the Board, as appointed and designated from time to time
“Chief Executive Officer”	the chief executive officer of the Company, as appointed and designated from time to time
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Novacon Technology Group Limited (連成科技集團有限公司), a company incorporated as an exempted company with limited liability in the Cayman Islands on 7 February 2018
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Essential Strategy”	ESSENTIAL STRATEGY INVESTMENTS LIMITED, a company incorporated in the British Virgin Islands with limited liability on 4 January 2016, which is wholly-owned by Mr. Wei Ming and is one of the Controlling Shareholders
“Expert Wisdom”	EXPERT WISDOM HOLDINGS LIMITED, a company incorporated in the British Virgin Islands with limited liability on 21 December 2017, which is wholly-owned by Mr. Chung Chau Kan
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time

Definitions

“GES EX”	a trading system targeted to be used by brokers for trading stock exchange-traded financial instruments, one of the Group’s internally-developed financial trading solutions
“GES IX”	a fund management system targeted to be used by wealth management companies and their clients (such as fund subscribers) to administer their funds and manage their clients’ investment portfolios, one of the Group’s internally-developed financial trading solutions
“GES TX”	a trading system targeted to be used by brokers, dealers, back office operators and accounting staff for trading OTC-traded financial instruments, one of the Group’s internally-developed financial trading solutions
“Group”	the Company and its subsidiaries, or any of them or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at that time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing”	the listing of the Shares on GEM of the Stock Exchange on 2 May 2019
“Listing Date”	2 May 2019, the date on which the Shares were listed on GEM of the Stock Exchange
“Nomination Committee”	the nomination committee of the Board
“OTC-traded financial instruments”	over-the-counter-traded financial instruments, which are contracts that are traded (and privately negotiated) directly between two parties, without going through an exchange or other intermediary
“Prospectus”	the prospectus of the Company published on 15 April 2019 in connection with the Listing
“Remuneration Committee”	the remuneration committee of the Board
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders on 29 March 2019
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	the United States dollars, the lawful currency of the United States of America
“Xentrix”	a back office settlement system targeted to be used by back office operators, which facilitates the automation of back office operations for financial institutions, including settlement, clearing and reporting for stock exchange-traded financial instruments
“%”	per cent