Stream Ideas Group Limited
源想集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8401

ANNUAL REPORT
2019-2020

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

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

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Cheung Lee (Ms. Jenny Cheung)（張莉）
Mr. Law Ka Kin (Mr. Anakin Law)（羅嘉健）
Mr. Lee Wing Leung Garlos (Mr. Garlos Lee)（李永亮）
Mr. Leung Wai Lun（梁偉倫）

Non-executive Director

Mr. Lin Hung Yuan（林宏遠）
(resigned on 29 April 2020)

Independent Non-Executive Directors

Mr. Kwan Chi Hong（關志康）
Mr. Fenn David（范德偉）
Mr. Ho Ho Tung Armen（何浩東）

BOARD COMMITTEES

Audit Committee

Mr. Ho Ho Tung Armen（何浩東）*(Chairman)*
Mr. Fenn David（范德偉）
Mr. Kwan Chi Hong（關志康）

Remuneration Committee

Mr. Fenn David（范德偉）*(Chairman)*
Mr. Ho Ho Tung Armen（何浩東）
Mr. Law Ka Kin (Mr. Anakin Law)（羅嘉健）

Nomination Committee

Mr. Kwan Chi Hong（關志康）*(Chairman)*
Mr. Ho Ho Tung Armen（何浩東）
Ms. Cheung Lee (Ms. Jenny Cheung)（張莉）

COMPLIANCE OFFICER

Mr. Lee Wing Leung Garlos (Mr. Garlos Lee)（李永亮）

JOINT COMPANY SECRETARIES

Ms. Leung Shuk Yi Shirley（梁淑儀）, ACCA and CPA
(resigned on 31 March 2020)
Ms. Ngai Kit Fong（倪潔芳）, FCIS, FCS (PE)
(resigned on 31 March 2020)

COMPANY SECRETARY

Ms. Kung Wai Yin（龔慧賢）, CPA
(appointed on 31 March 2020)

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 402A, 4/F
Benson Tower
74 Hung To Road
Kwun Tong
Hong Kong

AUTHORISED REPRESENTATIVES

Ms. Cheung Lee (Ms. Jenny Cheung)（張莉）
Mr. Law Ka Kin (Mr. Anakin Law)（羅嘉健）

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

COMPLIANCE ADVISER

Giraffe Capital Limited
3/F, 8 Wyndham Street
Central, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

Bank of Communications Co., Ltd
20 Pedder Street, Central
Hong Kong

E.Sun Commercial Bank, Ltd.
No. 145, Section 1, Jhongshan North Road
Jhongshan District Taipei City
Taiwan

COMPANY'S WEBSITE

www.stream-ideas.com

STOCK CODE

8401

Financial Highlights

For the year ended 31 March 2020 (the "Relevant Year"):

— The Group's revenue amounted to approximately HK$24,907,000, represented a decrease of 11.6% compared with that for the year ended 31 March 2019 (the "Previous Year");

— The Group's gross profit decreased from HK$18,900,000 for the Previous Year to approximately HK$13,348,000 for the Relevant Year, representing a decrease of approximately HK$5,552,000 or 29.4%;

— The Group's loss was approximately HK$5,341,000 for the Relevant Year compared to the profit of approximately HK$5,372,000 for the Previous Year, representing a decrease of approximately HK$10,713,000 mainly due to the decrease in revenue, increase in selling and distribution costs and administrative and other operating expenses for the Relevant Year; and

— The Board does not recommend the payment of any dividend for the Relevant Year.

Directors' Statement

To our shareholders,

We are pleased to present the annual report of Stream Ideas Group Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2020 on behalf of the board (the "Board") of directors (the "Directors").

FY2019/20 was the Group's 10^{th} operating year, but also the most difficult year ever. Faced with unprecedented global and local challenges starting with the trade dispute between China and the United States, followed by the social unrest in Hong Kong and finishing the year with the COVID-19 pandemic, the Group fought relentlessly by diversifying our business with Southeast Asia expansions, tackling the pandemic with digital workforce and further strengthening our core with continued membership development and complete revamp of our corporate site. We persevered and narrowed the Group's shortfall to just 11.6% compared to the Previous Year, but more importantly laid the foundations to help fuel the growth in the periods ahead.

To combat single market risks, the Group has adopted strategy for geographic expansions in Southeast Asia riding on our success in Malaysia. We began operating in the Philippines and Indonesia in the third quarter and by the end of the Relevant Year, we have recruited over 100,000 members in each of the two regions, which took us over 20 months to achieve in Malaysia. We have employed local sales force in both markets and are beginning to generate sales. We do expect that these two regions, together with Malaysia, can further boost the Group's sales contributions from Southeast Asia, creating a more balanced portfolio to mitigate impact from single market incidents such as the social unrest in Hong Kong.

Balancing business-as-usual with work safety was our highest priority during the COVID-19 pandemic, and we achieved this by transforming our work arrangement into digital in its entirety. All customer and member services functioned as normal as our staff managed projects from home while connecting with clients and colleagues digitally, conducted sales meetings via video conferencing and handled member enquiries by accessing customer service platforms from a distance. We have successfully minimised disruption to our sales workflow during the pandemic, but overall advertising demand fell which led to our sales shortfall this year. To prepare us for the upcoming recovery, we have completely revamped our corporate site with better highlight and feature of our core services and should become a powerful sales tool for the Group.

Demand for advertising may have weakened during the pandemic, but consumers' appetite for entertainment has risen significantly. This benefited our member acquisition efforts as our total number of members has nearly surpassed the monumental 1 million at the end of the Relevant Year. The significant growth in the number of members should benefit the Group when advertising demand resumes to normality when the pandemic is over. Furthermore, our re-launched mobile applications at the end of the Previous Year have continued to receive positive ratings from consumers, with over 17,000 reviews on the application market of one of the most popular mobile operating systems and close to 4-star rating (5-star is the highest rating).

Going forward, we will be strengthening our talent pool and workforce to seize opportunities in the enormous online advertising industry in Southeast Asia. We will also explore co-operation and acquisition opportunities where suitable in the pursuit of growth. Most importantly, we will be alert to the needs of our customers, and stay true to our mission to become their preferred partner for online advertising solutions.

We would like to take this opportunity to appreciate the Group's Board of Directors, management team, and all of our dedicated and hardworking employees for their unwavering support and commitment. Furthermore, we are grateful for the continued support of our members and clients, without whom none of our accomplishments would have been possible. We look forward to many years of success working together with all of you.

Cheung Lee, Law Ka Kin, Lee Wing Leung Garlos
Directors

Hong Kong, 22 June 2020

Management Discussion And Analysis

BUSINESS REVIEW

Despite the Group's entry into the new markets, which have started to contribute to the Group's revenue, such growth in revenue was partially offset by the decline of revenue derived from Taiwan and Malaysia. The Group has recorded approximately 11.6% decrease in revenue to approximately HK$24,907,000 (2019: approximately HK$28,174,000) for the Relevant Year.

Gross profit (after reversal of JAG points, i.e. the points which the Group distributes the reward to its members to participate in the Group's advertising campaigns) decreased by approximately 29.4% to approximately HK$13,348,000 (2019: approximately HK$18,900,000) for the Relevant Year. The Group recorded a loss for the Relevant Year of approximately HK$5,341,000 (2019: profit of approximately HK$5,372,000).

The Group principally engages in the provision of online advertising services, which mainly consist of social viral service, engager service and mass blogging service. It primarily operates in Hong Kong, Taiwan, Malaysia and Singapore. The Group's services are delivered via its self-developed platforms, which allow clients to match their advertising campaigns or contents with the Group's relevant members based on their demographic details and behaviours, such as consumption patterns of certain products and services and brand preferences.

By geographical market

During the Relevant Year, approximately 58.9% of the Group's revenue (2019: approximately 51.2%) was generated from clients in Hong Kong, while approximately 30.4% (2019: approximately 37.1%) of the Group's revenue was generated from clients in Taiwan. Southeast Asia regions contribute approximately 10.7% (2019: approximately 11.7%) of the revenue to the Group.

Hong Kong

During the Relevant Year, revenue from Hong Kong increased from approximately HK$14,428,000 for the Previous Year to approximately HK$14,665,000 for the Relevant Year, representing approximately 1.6% increase. With the impact of COVID-19 pandemic, the Group recorded significant decline in its Hong Kong revenue in the last quarter when compared to the same quarter of the Previous Year. Together with increasing competition from other online advertising service providers and instability of economy, the business environment is still challenging, the Group will continue to adjust the service mix to better meet clients' needs.

Taiwan

During the Relevant Year, the operating environment in Taiwan continued to be challenging, mainly attributable to the changing behaviour of internet users, increasing competition from other online advertising service providers, instability of economy and the impact of COVID-19 pandemic. The Group is dealing with the change with a shift in focus on service type. We also see that members of the tourism segment withdrawing campaigns due to the social unrest in Hong Kong and the COVID-19 pandemic which caused significant impact to the business in the last quarter. With the various challenges encountered, the revenue for the Relevant Year in Taiwan decreased to approximately HK$7,572,000 (2019: approximately HK$10,439,000).

Southeast Asia

The Group has newly entered into the Philippines and Indonesian markets in the third quarter and have started generating sales. However, the contribution was not enough to offset the shortfall from Malaysia. Amidst increasing competition from other online advertising service providers and together with the impact of the COVID-19 pandemic, total Southeast Asia revenue declined to HK$2,670,000 in the Relevant Year from approximately HK$3,307,000 in the Previous Year. We do expect sales contribution from Southeast Asia to rebound when the COVID-19 pandemic is better contained and when our new operations in the Philippines and Indonesia become more mature.

PROSPECTS

It is anticipated that the COVID-19 pandemic should continue to affect the advertising industry in the near future, but as soon as governments in our operating markets ease lockdown measures, the Group remains confident in its ability to rejuvenate sales with our experienced sales force, differentiated advertising services, our strengthened member base and our extensive relationship with reputable clients in various industries. Leveraging on good relations with media agencies, the Group can also expect great opportunities such as being recommended to media agencies' extensive client base, which will ensure stable and continuous requests for services. The Group's self-developed platforms have also served as an excellent tool for realising clients' performance targets while driving business growth. Looking ahead, the Group will focus on grooming our new operations to maturity and driving our core markets to new heights.

To accomplish these objectives, the Group will also recruit more talents, especially for the business development segment, to strengthen its workforce. This will enable the Group to better cater for the ever-changing needs of various industries, as well as those of existing and potential clients. In addition, the Group will consider new opportunities, such as sponsoring advertising-related awards to reach out to more potential clients so as to enhance the Group's overall profitability. Furthermore, the Group will focus on enriching its member base data to enhance member segmentation and attract more clients.

With years of experience, well-established reputation, and a first-mover advantage, the Group will leverage on such strengths to reinforce its leading industry position. At the same time, by further developing these attributes, the Group will remain committed to its vision of becoming the preferred online marketing partner for advertising agencies and brand owners in realising their pursuits.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus issued on 16 March 2018 (the "Prospectus") with the Group's actual business progress for the year ended and up to 31 March 2020 is set out below:

Objectives	Implementation Plan	Actual business progress up to 31 March 2020
Build brand, develop client base and network of members	— Enhance brand image via engaging spokesperson(s) to represent our Group covering all territories where we operate to promote our brand by increasing our awareness and credibility; and — Build brand awareness via online advertising campaigns, including social media marketing, placement of display advertisements and search engine marketing; and — Strengthen client development by sponsoring industry events and conducting seminars for potential clients, including agencies and brand owners; and — Enhance membership development by organising member events.	— We sponsored different advertising award ceremonies and conducted seminars to increase our exposure and develop client base across the regions. We also organised activities for different member groups for enhancing their stickiness to our platform. — During the Relevant Year, our number of members increased from approximately 641,000 to approximately 975,000, representing an increase of approximately 52%. — We have engaged 6 artists to promote our brand and platform in different social media platforms to increase our brand awareness and credibility among consumers as well potential customers.

Management Discussion And Analysis

Objectives	Implementation Plan	Actual business progress up to 31 March 2020
Upgrade information technology systems	— Enhance the functionality of the Integrated Information Management System to introduce new online advertising services, enhance the analytical capability of data collected from our clients' advertising campaigns for understanding the prevailing market trends and behaviours of our members, and implement enriched segmentations of our members; and — Revamp the user interfaces of our mobile applications and websites to improve the appearance of user interfaces and customised wordings with localised languages preferences; and — Upgrade information technology equipment via purchasing information technology equipment for our existing and new staff.	— We upgraded our system to better connect with different social media platforms for launching new online advertising services. We also added several new features to enrich the segmentation of our member base by demographics, interests, activeness on social media and behaviors in our platform. — With all new features or upgrade made in our system, we have corresponding enhancement in the user interfaces of our mobile application and websites to ensure our members have a smooth and pleasant experience with our platform. — We remain committed to provide our staff with up to date technology and equipment to increase our team's productivity and capability and enhance the quality of our output.
Strengthen talent pool and workforce and improve working environment	— Expand workforce; and — Staff development including training courses for our sales team members; and — Renovate and expand offices.	— To support continued expansion of our Group and pursuit of profitable growth, we recruited 1 new sales team member. — To cope with expansion, we have briefly renovated HK office to improve overall working environment. — We are currently sourcing training programs catered to the development goals and skill requirements of our sales staff.
Pursue growth through selective acquisitions	— Conduct due diligence and background search on acquisition target(s); and — Acquire digital media companies having a broad member base in territories which we operate or advertising companies with advertisement production capabilities.	— We completed a transaction in October 2019, the details was set out in the announcement of the Company dated 24 October 2019.
General working capital	— To be used as working capital and funding other general corporate purposes according to our current business plans.	— We remain focused on maintaining and investing in our working capital in order to fund our expanding business and enhance our operating liquidity as we pursuit business and revenue growth.

USE OF PROCEEDS

The shares of the Company were listed on the GEM of the Stock Exchange on 28 March 2018. The net proceeds from the placing of new shares as referred to in the Prospectus was approximately HK$26.7 million.

These proceeds are designated for the purposes stated in the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus, which are (i) approximately 22.5% of the net proceeds, i.e. approximately HK$6 million to build brand, develop client base and network of members, (ii) approximately 17.9% of the net proceeds, i.e. approximately HK$4.8 million to upgrade information technology systems, (iii) approximately 25.7% of the net proceeds, i.e. approximately HK$6.9 million to strengthen talent pool and workforce and improve work environment, (iv) approximately 23.9% of the net proceeds, i.e. approximately HK$6.4 million to pursue growth through selective acquisitions and, (v) approximately 10% of the net proceeds, i.e. approximately HK$2.7 million for general working capital purposes.

An analysis of the utilisation of the net proceeds for the year ended 31 March 2020 is set out below:

	Use of proceeds as stated in the Prospectus HK$'000	**Actual use of net proceeds up to 31 March 2019** HK$'000	**Actual use of net proceeds during the year ended 31 March 2020** HK$'000	**Remaining proceeds as at 31 March 2020** HK$'000
Build brand, develop client base and network of members	6,002	851	1,589	3,562
Upgrade information technology systems	4,776	1,060	3,142	574
Strengthen talent pool and workforce and improve working environment	6,857	1,445	3,478	1,934
Pursue growth through selective acquisitions	6,377	0	5,060	1,317
General working capital	2,668	1,068	1,600	0
	26,680	4,424	14,869	7,387

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the actual proceeds were applied based on the development of the Group's business and industry.

The unutilised net proceeds have been placed as interest bearing deposits with a licensed bank in Hong Kong. The Group intends to use them in the same manner and proportions as described in the Prospectus. The expected completion timeline for utilising the remaining unused net proceeds is set out below:

	Expected timeline for utilising the remaining unused net proceeds *(Note)*
Build brand, develop client base and network of members	From 1 April 2020 to 30 September 2020
Upgrade information technology systems	From 1 April 2020 to 30 September 2020
Strengthen talent pool and workforce and improve working environment	From 1 April 2020 to 30 September 2020
Pursue growth through selective acquisitions	From 1 April 2020 to 30 September 2020

Note: The expected timeline for utilising the remaining unused proceeds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

The difference between the actual use of net proceeds and the planned use of net proceeds was due to adjustment in the timing of the spending to better suit our growth and business needs.

DIVIDEND

The Board does not recommend the payment of any dividend for the Relevant Year.

FINANCIAL REVIEW

Revenue

During the Relevant Year, the Group recorded a decrease of approximately 11.6% in revenue to approximately HK$24,907,000 as compared with that for the Previous Year, primarily attributable to the decrease in sales in Taiwan.

Cost of Services

The Group's cost of services increased by approximately 24.6% from approximately HK$9,274,000 for the Previous Year to approximately HK$11,559,000 for the Relevant Year.

Gross Profit

Gross profit of the Group decreased by approximately 29.4% from approximately HK$18,900,000 for the Previous Year to approximately HK$13,348,000 for the Relevant Year.

Selling and Distribution Costs

Selling and distribution costs of the Group increased by approximately 56.1% from approximately HK$3,776,000 for the Previous Year to approximately HK$5,893,000 for the Relevant Year. Selling and distribution costs primarily consist of the advertising and promotion expenses and staff costs. The increase was mainly attributable to increase in headcount and promotional expenses on other media platforms.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Group increased by approximately 47.0% from approximately HK$9,661,000 for the Previous Year to approximately HK$14,201,000 for the Relevant Year. Administrative and other operating expenses mainly consist of staff costs, professional fees, office supplies and stationery and others. The increase was mainly attributable to the increase in staff salary and directors' emoluments.

Income Tax

Income tax credit for the Group was approximately HK$73,000 for the Relevant Year compared to approximately HK$1,007,000 income tax expenses for the Previous Year. The decrease was in line with decrease in taxable profits of our subsidiaries in the Relevant Year.

Loss for the Relevant Year

The Group's net loss was approximately HK$5,341,000 for the Relevant Year compared to approximately HK$5,372,000 net profit for the Previous Year. The decrease was mainly attributable to the decrease in revenue and increase in selling and distribution costs and administrative and other operating expenses for the Relevant Year.

Liquidity and Financial Resources

As at 31 March 2020, the Group had total assets of approximately HK$66,321,000 (2019: approximately HK$72,499,000), which was financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$9,838,000 (2019: approximately HK$10,696,000) and approximately HK$56,483,000 (2019: approximately HK$61,803,000) respectively. The current ratio, being the ratio of current assets to current liabilities, as at 31 March 2020 was 5.9 times (2019: 6.7 times).

Capital Expenditure

Total capital expenditure for the year ended 31 March 2020 was approximately HK$2,683,000 (2019: HK$942,000), which was mainly used in the purchase of property, plant and equipment and intangible assets.

Contingent Liabilities

As at 31 March 2020, there were no significant contingent liabilities for the Group.

Gearing Ratio

The gearing ratio, being the ratio of bank loan to total equity, of the Group as at 31 March 2020 was nil (2019: nil) due to the absence of bank borrowings for the Relevant Year.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Relevant Year. The Group strives to reduce exposure to credit risk by performing ongoing evaluation of the financial status of its customers. To manage liquidity risk, the management closely monitors the Group's liquidity position and maintains sufficient cash and cash equivalents and an adequate amount of committed credit facilities to settle the payables of the Group.

Foreign Exchange Exposure

The functional currency and reporting currency for the Company and its subsidiaries is Hong Kong dollar, except that the functional currencies of certain subsidiaries are New Taiwan dollar, Malaysian Ringgit, Singapore dollar, Indonesian Rupiah and Philippine peso. During the Relevant Year, the Group was not exposed to any significant currency risk.

Capital Structure

The shares of the Company were listed on GEM of the Stock Exchange on 28 March 2018 (the "Listing Date") and 50,000,000 new ordinary shares offered by the Company at par value of HK$0.01 each for cash consideration of HK$1.05 each were issued. The Company's total number of issued shares was 200,000,000 of HK$0.01 each. There has been no change in capital structure of the Company since the Listing Date.

Segment Information

Segmental information is presented for the Group as disclosed on note 4 of the financial statements.

Future Plans for Material Investments and Capital Assets

Except for the implementation plans disclosed in the section headed "Management Discussion and Analysis" of this annual report and save as disclosed herein, the Group did not have other plans for material investments or capital assets as of 31 March 2020.

Material Acquisitions and Disposals of Subsidiaries

Save as disclosed herein, there was no material acquisition and disposal of subsidiaries by the Company during the year ended 31 March 2020.

Significant Investments Held

During the year ended 31 March 2020, the Group had the following significant investment held which was classified as financial assets at fair value through profit or loss:

Name of investment	Percentage of shareholding held by the Group as at 31 March 2020	Investment costs	Fair value as at 31 March 2020	Change in fair value for the year ended 31 March 2020	Size as compared to the Group's total assets as at 31 March 2020
	%	HK$'000	HK$'000	HK$'000	%
Unlisted shares					
– Asia Interactive Content Holdings Limited *(Note)*	1.6026	5,000	5,126	126	7.7

Note: The Group has entered into a share purchase agreement on 24 October 2019 with Cyber Credit Technology (Hong Kong) Limited (the "Seller"), as the seller of the Sale Shares (as defined below), for the purchase of 1.6026% of shareholdings (the "Sale Shares") in Asia Interactive Content Holdings Limited (the "Target Company") at a consideration of HK$5,000,000. The share purchase agreement has been completed on 30 October 2019, and since then, the Company has been indirectly holding the Sale Shares in the Target Company. Details of the transaction are set out in the announcement of the Company dated 24 October 2019.

The Target Company principally provides marketing agency services, including brand building, digital and social media marketing, video production, online and offline strategies and event management. The Directors expect the investment in the Target Company not only can bring synergies by forming closer strategic relationship between the Group and the Target Company for extending social media coverage and providing business referral opportunities, this can also assist the business of the Group to gain access to China market. It is also expected that the Group can benefit from the growth of marketing agency services of the Target Company in the coming years.

Saved as disclosed above and the investment in its subsidiaries, the Group did not hold any significant investments during the year ended 31 March 2020.

EVENTS AFTER THE REPORTING DATE

On 12 June 2020, the Company has subscribed for a wealth management product from UBS AG in the amount of USD2 million. The wealth management product will be invested in investment instruments (such as liquidity, bonds and equities). The portfolio does not include hedge funds, real estate and commodities. The subscription amount has been settled in cash in one lump sum. Details of the subscription of the wealth management product are set out in the announcement of the Company dated 12 June 2020.

MAJOR RISK AND UNCERTAINTIES

The Group believes that the risk management practices are important and uses its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible. The followings are the major risks and uncertainties of our business:

Major Risks Identified	Key Mitigations
Significant revenue is contributed from the business relationship with advertising agencies.	• Approach more direct customers • Expand target to modest brands • Proactive communication with advertising agencies
Self developed platform can be disrupted with insufficient support from IT professional and third-party vendor	• Monthly security review • Data encryption to prevent hacking • Proactive recruitment of additional IT professional
Risk of malfunction of data centre, server or social media platforms that may affect operations	• Regular back-up • Perform in-house disaster recovery test every year
Loss of customers or members due to changes of preference on social media	• Maintain good relationship with members and ensure all their feedbacks/complaints are properly look into • Organise member gatherings on a periodic basis • Launch new rewards to members and provide special rewards to long-term members
Disruptions to operation due to difficulty in retaining employees	• Bi-annual appraisal and salary review • Maintain good relationship with employee • Open communication and promote transparency between management and employee • Arrange teambuilding activities to build up moral and loyalty • Promote better working environment

Major Risks Identified	Key Mitigations
Unfavourable fluctuation of foreign currencies resulting in realised/unrealised exchange losses	• Convert the extra foreign cash (e.g. Malaysian Ringgit, New Taiwan dollar etc.) into Hong Kong Dollar ("HKD") • Monitor the currency movements and market performance on daily and monthly basis • Regular communication with Financial Controller for up-to-date best action to cope with the fluctuation and timing for foreign cash conversion to HKD • Explore the options to trade in United States Dollar ("USD")
Adverse changes in external environment including social unrest and pandemic	• Establish business contingency plan for operations of all regions • Continuously monitor profit or loss forecast and formulate cost reduction measures
Market trend shift resulting in increased competition from micro-influencer	• Engagement with micro-influencer for business opportunities in all regions • Revamp existing package to draw interests from advertising agencies

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

An analysis of the Group's financial risk management (including market risk, credit risk and liquidity risk) objectives and policies are provided in note 24 to the financial statements.

Biographical Information Of Directors And Senior Management

EXECUTIVE DIRECTORS

Ms. Cheung Lee (Jenny Cheung, 張莉), aged 36, co-founded our Group in May 2010 and was appointed as our Hong Kong general manager on 7 July 2014 and executive Director on 18 August 2017. She is responsible for the overall management of our Group looking after all operations including sales, marketing, client services, human resources and finance of our Group. Ms. Jenny Cheung has over 10 years of working experience in the marketing and advertising industry.

Prior to the establishment of our Group, Ms. Jenny Cheung has worked at L'Oreal H.K. Ltd., an international beauty products brand in Hong Kong, with the last position as a group product manager in the luxury products division from April 2013 to July 2014; and Parfums Christian Dior Hong Kong Limited, a retailer of skin care products, perfume, cosmetics and make-up products of an international fashion brand in Hong Kong, as a group product manager of the Skincare division from October 2011 to April 2013. Ms. Jenny Cheung has also worked at Neo Derm (HK) Ltd., a medical aesthetic solution provider and skincare products distributor in Hong Kong and China with last position as product manager from April 2010 to September 2011, primarily responsible for building brand image, analyzing business trends and developing marketing plans; and Johnson & Johnson (Hong Kong) Limited, an international consumer products, pharmaceuticals and medical devices brand in Hong Kong as a brand manager from March 2009 to April 2010; an assistant brand manager from May 2007 to February 2009; and a marketing trainee from May 2006 to April 2007.

Ms. Jenny Cheung obtained her bachelor degree of business administration with honours from The Chinese University of Hong Kong in March 2006.

Ms. Jenny Cheung beneficially owns 33.33% of the issued share capital of JAG United Company Limited ("JAG"), whilst JAG holds approximately 57.14% of the total issued share capital of the Company. She is deemed to be interested in the shares of the Company held by JAG.

Mr. Law Ka Kin (Anakin Law, 羅嘉健), aged 37, co-founded our Group in May 2010 and was appointed as our Taiwan general manager on 1 April 2014 and executive Director on 18 August 2017. He is responsible for the overall management of our Group, looking after all operations including sales, marketing, client services, human resources and finance of our Group. Mr. Anakin Law has over 10 years of working experience in the marketing and advertising industry.

Prior to establishment of our Group, Mr. Anakin Law has worked at GlaxoSmithKline Limited, an international healthcare company that provides medicines, vaccines, and other healthcare products in Hong Kong as a category marketing manager in the consumer healthcare business division from June 2012 to April 2013. Mr. Anakin Law has also worked at (i) Hongkong International Theme Parks Limited, an international brand theme park in Hong Kong from June 2010 to June 2012 as an associate manager; and from August 2008 to May 2010 as a senior marketing executive in the marketing line of business; (ii) Johnson & Johnson (Hong Kong) Limited, an international consumer products, pharmaceuticals and medical devices brand in Hong Kong as an assistant brand manager from June 2008 to August 2008; a marketing executive from July 2007 to May 2008; and a logistics planner from May 2006 to July 2007, primarily responsible for supply and distribution of products; and (iii) Watsons' The Chemist (Hong Kong), a division of A.S. Watson Group (HK) Limited, an international health and beauty retail chain in Hong Kong as an assistant supply chain officer from July 2005 to April 2006; and a supply chain trainee from May 2004 to June 2005.

Mr. Anakin Law obtained his bachelor degree of business administration with honours from The Chinese University of Hong Kong in December 2004.

Mr. Anakin Law beneficially owns 33.33% of the issued share capital of JAG, whilst JAG holds approximately 57.14% of the total issued share capital of the Company. He is deemed to be interested in the shares of the Company held by JAG.

Biographical Information Of Directors And Senior Management

Mr. Lee Wing Leung Garlos (Garlos Lee, 李永亮), aged 36, co-founded our Group in May 2010 and was appointed as our general manager since April 2014 and appointed as executive Director on 18 August 2017. He is responsible for the overall management of our Group, looking after all operations including sales, marketing, client services, human resources and finance of our Group. From April 2015 to mid-February 2017, Mr. Garlos Lee only took the role of decision making and participated in the overall strategic development on a part-time basis, with no involvement in the day-to-day operations of our Group. Since 15 February 2017, he has been working for the Group on a full-time basis and become responsible for our Group's business operations in the Southeast Asia region. Mr. Garlos Lee has over 10 years of working experience in the marketing and advertising industry.

Prior to the establishment of our Group, Mr. Garlos Lee has worked at Johnson & Johnson (Hong Kong) Limited, an international consumer products, pharmaceuticals and medical devices brand in Hong Kong from August 2006 to May 2010 with the last position as a brand manager.

Mr. Garlos Lee obtained his bachelor of commerce degree with honours from The University of British Columbia in May 2006.

Mr. Garlos Lee beneficially owns 33.33% of the issued share capital of JAG, whilst JAG holds approximately 57.14% of the total issued share capital of the Company. He is deemed to be interested in the shares of the Company held by JAG.

Mr. Leung Wai Lun (梁偉倫), aged 35, joined our Group as our information technology director in February 2017 and was appointed as executive Director on 18 August 2017. He is responsible for the development and management of all information technology systems of our Group including our Platforms. Mr. Leung has over nine years of working experience in the information technology industry.

Prior to joining our Group, Mr. Leung has worked at (i) Kobo Design Ltd., a digital branding agency based in Hong Kong, from November 2010 to June 2017 as the lead programmer, where he was primarily responsible for the provision of its day-to-day programming requirements, maintenance of its server, built and maintain the database systems, electronic commerce systems and websites for its clients; (ii) Lemowork Limited, a web design company based in Hong Kong, from January 2010 to December 2010 as a director; and (iii) Open Creative Limited, a multimedia consultancy company in Hong Kong and China, from December 2008 to January 2010 as a web developer.

Mr. Leung graduated with a bachelor of engineering degree in computer science with honours from The Hong Kong University of Science and Technology in May 2009.

NON-EXECUTIVE DIRECTOR

Mr. Lin Hung Yuan (林宏遠) (resigned on 29 April 2020), aged 43, joined our Group in July 2017 and was appointed as our non-executive Director on 18 August 2017. He is responsible for monitoring the operations of our Group. Subsequent to the Reporting Period, Mr. Lin has resigned from his position as the Group's non-executive Director with effect from 29 April 2020.

Mr. Lin is a member of VMI Capital Group Limited which was incorporated in February 2016. He is also a director of several companies, including Venture Markit (Hong Kong) Limited, a licensed money lender in Hong Kong, since April 2010 and VMI Securities Limited, a company carrying out type 1 (dealing in securities) regulated activity under the SFO, since May 2016. Mr. Lin is a non-executive director of TradeGo FinTech Limited (the shares of which have been listed on GEM of Stock Exchange on 28 September 2018, stock code: 8017) since June 2017, together with its subsidiaries, such group provides integrated securities trading platform services in Hong Kong. Mr. Lin is also a consultant of National Chengchi University, Finance and Technology Research Center. He held positions in international financial institutions, including holding the business title as an executive director of Euro Asset Management Limited, a real estate asset manager, responsible for investment business from July 2008 to April 2010; a representative of Daiwa Capital Markets Hong Kong Limited carrying out type 1 (dealing in securities) regulated activity under the SFO from October 2006 to March 2008; the assistant manager in the trading department of Taishin International Bank responsible for financial securities and derivatives products from February 2005 to June 2006 and the officer in the fixed income department of Jin Sun Financial Holding Co., Ltd from January 2004 to January 2005. He was appointed as a visiting lecturer of National Kaohsiung First University of Science and Technology. Mr. Lin did not take up any employment in 2003 and served in the military of Taiwan between 2001 and 2003.

Mr. Lin graduated with a bachelor of art degree from the National Chengchi University, Taiwan in June 1999 and a master of management degree from the National Sun Yat-sen University, Taiwan in June 2001. Mr. Lin became a financial risk manager of the Global Association of Risk Professionals in September 2013.

Mr. Lin beneficially owns the entire issued shares of VMI Capital Group Limited. 34,720,000 shares of the Company are held by VMI Mega Growth Fund SPC, a segregated portfolio company and 100% of its management shares is held by VMI Capital Group Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwan Chi Hong (關志康), aged 48, was appointed as our independent non-executive Director on 7 March 2018. He is responsible for supervising, providing independent advice to our Board, serving as chairman of nomination committee, and member of audit committee for our Group.

Mr. Kwan was appointed as an independent non-executive director of BExcellent Group Holdings Limited (the shares of which are listed on the Main Board of the Stock Exchange, stock code: 1775) and China Brilliant Global Limited (formerly known as Prosten Health Holdings Limited) (the shares of which are listed on GEM of the Stock Exchange, stock code: 8026) on 17 November 2017 and 12 February 2018 respectively. Mr. Kwan was also appointed as a director of Bamboos Health Care Holdings Limited ("Bamboos Health Care") (the shares of which were listed on GEM, stock code: 8216, and subsequently, were listed on the Main Board of the Stock Exchange, stock code: 2293) on 23 November 2012 and redesignated as an executive director on 28 March 2014, responsible for monitoring and evaluating the business, strategic planning and major decision making. Mr. Kwan has resigned as an executive director of Bamboos Health Care on 5 January 2019.

Prior to the establishment of Bamboos Health Care, Mr. Kwan had over 10 years of managerial experience in the public sector, from February 1995 to April 2008, including working as an executive officer in various governmental departments in Hong Kong, including Registration and Electoral Office, Urban Services Department, Home Affairs Department, Hong Kong Police Force and Chief Secretary for Administration's Office Government Secretariat, mainly responsible for human resources management including manpower and succession planning, financial resources management including planning and allocating financial resources and exercising control over revenue and expenditure, policy support including analysing the information collected and liaising with parties concerned to facilitate the formulation of policies, and general administration.

Mr. Kwan obtained a bachelor degree in economics and a master degree in economics from The University of Hong Kong in January 1995 and December 2005 respectively. Mr. Kwan completed a programme in executive master of business administration and obtained a master degree in business administration from The Chinese University of Hong Kong in December 2007. Mr. Kwan was awarded the young entrepreneur of the year 2012 from the Hong Kong Business Awards hosted by DHL Express and South China Morning Post and the EY Entrepreneur of the Year 2013 China – Emerging Entrepreneur hosted by Ernst & Young.

Mr. Fenn David (范德偉), aged 39, was appointed as our independent non-executive Director on 7 March 2018. He is responsible for supervising, providing independent advice to our Board, serving as chairman of remuneration committee, and member of audit committee for our Group.

Mr. Fenn has over 13 years of experience in the legal industry. He was admitted as a solicitor in Hong Kong in September 2005. Mr. Fenn is currently the principal of David Fenn & Co., a solicitors' firm in Hong Kong.

Mr. Fenn obtained his bachelor of laws degree with honours from The University of Hong Kong in December 2002. He was awarded a postgraduate certificate in laws from The University of Hong Kong in June 2003. Mr. Fenn further obtained a master of laws degree in banking and finance from University College London, University of London in the United Kingdom in November 2006. Mr. Fenn has been appointed as an adjudicator of the Registration of Persons Tribunal of Hong Kong since November 2013, a disciplinary panel member of the HKICPA since February 2016, and a member of the Housing Appeal Panel of Hong Kong since April 2017. Mr. Fenn has been appointed as an independent non-executive director of Hong Kong Education (Int'l) Investments Limited (stock code: 1082), a company listed on the Main Board of the Stock Exchange and Sun Kong Holdings Limited (stock code: 8631), a company listed on GEM of the Stock Exchange since 10 May 2018 and 11 December 2018 respectively.

Mr. Ho Ho Tung Armen (何浩東), aged 44, was appointed as our independent non-executive Director on 7 March 2018. He is responsible for supervising, providing independent advice to our Board, serving as chairman of the audit committee and member of each of remuneration and nomination committee for our Group.

Mr. Ho received a MBA degree from the University of Chicago Booth School of Business, Master of Science degree in financial economics from University of London and Bachelor of Arts (Honours) degree in accountancy from City University of Hong Kong. He is currently a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Ho has been an independent non-executive director of Sunlight Technology Holdings Limited (stock code: 1950) since the company's listing in March 2020. He is also chief financial officer and company secretary of Tianyun International Holdings Limited (stock code: 6836) since February 2015. Prior to that, Mr. Ho was chief financial officer of Tuenbo Group Limited and held various senior positions in Wisdom Asset Management Limited, Hermes Capital Limited and Evolution Group Limited (now known as Investec Group) specialised in asset management, private equity, and corporate finance. Mr. Ho also worked for PricewaterhouseCoopers Hong Kong, KPMG UK and Grant Thornton Corporate Finance UK from 1998 to 2006 specialising in audit, advisory and corporate finance.

SENIOR MANAGEMENT

Ms. Leung Shuk Yi Shirley (梁淑儀) (resigned on 31 March 2020), aged 55, joined our Group as the financial controller in May 2017 and was appointed as our joint company secretary on 18 August 2017. She is responsible for management of the finance team of our Group. Ms. Leung has over 25 years of working experience in accounting and financial management. During the Reporting Period, Ms. Leung has resigned from her position as the Group's financial controller and joint company secretary of the Company with effect from 31 March 2020.

Prior to joining our Group, Ms. Leung has worked for (i) Johnson & Johnson (Hong Kong) Limited, an international consumer products, pharmaceuticals and medical devices brand in Hong Kong, (a) from May 2011 to January 2017 with the last position as Hong Kong finance global services lead and (b) from October 2010 to April 2011 as financial analyst; (c) from March 2002 to January 2009 as a finance manager; (d) from January 1999 to February 2002 as an assistant finance manager; (e) from January 1997 to December 1998 as a financial analyst and (f) from January 1996 to December 1996 as an accountant and (g) from June 1994 to December 1995 as an assistant accountant; (ii) PepsiCo, Inc., an international food and beverage manufacturer and distributor brand in Hong Kong, from July 2010 to October 2010 as a temporary finance analyst, in the Greater China region; (iii) Pearson Education Asia Limited, an education resources company in Hong Kong, from August 2009 to December 2009 as temporary finance manager; and (vi) ARC International Limited, an international training and consulting organisation in Hong Kong, from May 1993 to June 1994 as an assistant accountant, primarily responsible for the accounting services of the company.

Ms. Leung graduated with a diploma degree in computer programming and systems with honours from the DeVry Institute of Technology in Toronto, Canada in October 1986 and a master degree in business administration from the University of South Australia in October 2009. Ms. Leung is a chartered professional accountant (formerly known as certified general accountant) of Chartered Professional Accountants of British Columbia (formerly known as Certified General Accountants Associate of Canada) since September 1999 and a fellow of The Association of Chartered Certified Accountants since July 2007.

Ms. Kung Wai Yin (龔慧賢), aged 30, joined our Group as the financial controller in January 2020 and was appointed as our company secretary on 31 March 2020. She is responsible for management of the finance team of our Group. Ms. Kung has over 6 years of working experience in accounting and financial management.

Prior to joining our Group, Ms. Kung has worked for (i) Deloitte Touche Tohmatsu, an international professional services firm in Hong Kong, from January 2016 to January 2020 with the last position as audit manager; (ii) FTW & Partners CPA Limited, a professional services firm in Hong Kong, from September 2013 to January 2016 with the last position as semi senior accountant; (iii) Advanced Integration Systems Limited, a service provider in the application of information technology to commercial clients in Hong Kong, from May 2011 to July 2013 as business analyst.

Ms. Kung graduated with a bachelor of science degree in enterprise engineering with management with honours from the Hong Kong Polytechnic University in June 2011 and a postgraduate diploma in professional accountancy from the Chinese University of Hong Kong in June 2014. Ms. Kung is a member of the Hong Kong Institute of Certified Public Accountants since March 2017.

Ms. Choi Sin Yi (蔡倩宜), aged 30, joined our Group in June 2012. Ms. Choi has over 7 years of working experience in the online advertising industry. Ms. Choi was a social media marketing executive at JAG Hong Kong from June 2012 to September 2015, and was promoted to an advertising manager at JAG Hong Kong since October 2015, mainly responsible for the management of the Hong Kong sales team.

Ms. Choi graduated with a bachelor degree in business administration from the Hong Kong Baptist University in November 2012.

JOINT COMPANY SECRETARIES

Ms. Leung Shuk Yi Shirley and Ms. Ngai Kit Fong were our joint company secretaries. During the Reporting Period, Ms. Leung and Ms. Ngai resigned as joint company secretaries of the Company with effect from 31 March 2020.

Ms. Leung Shuk Yi Shirley (梁淑儀) (resigned on 31 March 2020) was one of our senior management. Please refer to the section headed "Senior Management" for her biography.

Ms. Ngai Kit Fong (倪潔芳) (resigned on 31 March 2020), aged 55, was appointed as our joint company secretary on 18 August 2017. Ms. Ngai is a director of Corporate Services of Tricor Services Limited ("Tricor"), a global professional services provider specialising in integrated business, corporate and investor services. The Company has engaged Tricor as external service provider and appointed Ms. Ngai as the joint company secretary of the Company since 18 August 2017. During the Reporting Period, Ms. Ngai has resigned from her position as joint company secretary of the Company with effect from 31 March 2020.

Ms. Ngai has over 25 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Ngai is a Chartered Secretary and a Fellow of both The Hong Kong Institute of Chartered Secretaries ("HKICS") and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Ngai is a holder of the Practitioner's Endorsement from HKICS.

COMPANY SECRETARY

During the Reporting Period, Ms. Kung is appointed as company secretary of the Company with effect from 31 March 2020.

Ms. Kung Wai Yin (龔慧賢) (appointed on 31 March 2020) is one of our senior management. Please refer to the section headed "Senior Management" in this annual report for her biography.

The Directors hereby present this annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2020.

CORPORATE REORGANISATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 May 2017.

In preparing for the listing, the Company became the holding company of the companies comprising the Group underwent the reorganisation upon the completion of the reorganisation on 7 March 2018. Details of the reorganisation are set out in the Prospectus.

The shares of the Company were listed on the GEM of the Stock Exchange with effect from 28 March 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activity of the Group is the provision of online advertising services.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2020 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 67 to 123 of this annual report. The Board has not recommended any final dividend for the year ended 31 March 2020 (2019: nil).

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 March 2020, which includes a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators of the Group's business, particulars of important events affecting the Group, an indication of likely future developments in the Group's business, and discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in the section headed "Management Discussion and Analysis" on pages 7 to 15 of this annual report. The review forms part of this directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group strives to operate in compliance with the applicable environmental protection laws and methods to minimise the adverse effects of its existing business activities on the environment. Details of the environmental policies and performance are set out in the section headed "Environmental, Social and Governance (ESG) Report" on pages 43 to 66 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 March 2020.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 23 to the financial statements.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year ended 31 March 2020 are set out in the consolidated statement of changes in equity on page 75 of this annual report.

As at 31 March 2020, the Company's reserves available for cash distribution and/or distribution in specie, computed in accordance with the Companies Law of Cayman Islands, amounted to approximately HK$57,958,000 (2019: HK$56,853,000).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Relevant Year and up to the date of this annual report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group, as extracted from the consolidated financial statements of the Company for the last five years ended 31 March 2020 is set out on page 124 of this annual report. This summary does not form part of the audited financial statements.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was approved by a resolution of the Company's shareholders passed on 7 March 2018. The principal terms of the Share Option Scheme, a summary of which is set out in Appendix IV to the Prospectus, are in compliance with the provisions under Chapter 23 of the GEM Listing Rules.

During the relevant Year and up to the date of this annual report, there was no options granted, exercised, lapsed or cancelled under the Share Option Scheme. As at 31 March 2020, there was no outstanding share option not yet exercised under the Share Option Scheme.

The following is a summary of the principal terms of the Share Option Scheme:

The Board may, at its discretion, offer to grant an option to any person belonging to any of the following classes of participants (the "Eligible Participants"), to take up options to subscribe for the shares:

(i) any full-time or part-time employees of our Group;

(ii) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) of our Group; and

(iii) any consultants and advisers or any substantial shareholder of our Group.

Unless terminated by the Company by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted by shareholders in general meeting.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees, the business directors, consultants or advisers of our Group and to promote the success of our Group.

Total number of securities available for issue under the Share Option Scheme as at the date of this annual report is 20,000,000 shares, representing 10% of the total shares in issue of the Company as of the date of this annual report.

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

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

There is no general requirement on the minimum period for which a share option must be held or the performance targets which must be achieved before a share option can be exercised under the terms of the Share Option Scheme.

The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.00.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

DIRECTORS

The Directors of the Company during the year ended 31 March 2020 and up to the date of this annual report were as follows:

Executive Directors

Mr. Law Ka Kin (Mr. Anakin Law)
Ms. Cheung Lee (Ms. Jenny Cheung)
Mr. Lee Wing Leung Garlos (Mr. Garlos Lee)
Mr. Leung Wai Lun

Non-executive Director

Mr. Lin Hung Yuan (resigned on 29 April 2020)

Independent Non-executive Directors

Mr. Kwan Chi Hong
Mr. Fenn David
Mr. Ho Ho Tung Armen

Pursuant to article 16.18 of the articles of association of the Company (the "Articles of Association"), Mr. Leung Wai Lun, Mr. Kwan Chi Hong and Mr. Fenn David shall retire at the forthcoming annual general meeting of the Company (the "AGM") and being eligible, to offer themselves for re-election at the AGM.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that each of the independent non-executive Directors is independent from the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 16 to 21 of this annual report.

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change and update in Directors' information is as follows:

Mr. Ho Ho Tung Armen has been an independent non-executive director of Sunlight Technology Holdings Limited (stock code: 1950) since the company's listing in March 2020.

Mr. Lin Hung Yuan resigned as a non-executive director of the Company with effect from 29 April 2020 due to other business commitment.

Save as disclosed above, the Directors are not aware of any other change in Directors' information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 March 2020 or at any time during the year ended 31 March 2020.

DIRECTORS' SERVICE CONTRACTS

Each of our Executive Directors has entered into a service agreement with our Company on 7 March 2018 for a term of three years commencing from the listing of the Company on the GEM of the Stock Exchange with effect from 28 March 2018, during which either party may terminate the service agreement by giving the other not less than three months written notice.

Our Non-executive Director has entered into a letter of appointment with our Company on 7 March 2018 for a term of three years commencing from the listing of the Company on the GEM of the Stock Exchange with effect from 28 March 2018. The letter of appointment is subject to termination in accordance with its respective term by not less than one-month notice in writing served by the Non-executive Director or the Company.

Each of the Independent Non-executive Directors has signed a letter of appointment on 7 March 2018 for an initial term of three years commencing from the listing of the Company on the GEM of the Stock Exchange with effect from 28 March 2018. The letters of appointment are subject to termination in accordance with their respective terms by not less than one-month notice in writing served by Independent Non-executive Director or the Company.

Save as disclosed above, none of the Directors has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment compensation other than the statutory compensation.

PERMITTED INDEMNITY PROVISION

Pursuant to Articles of Association and subject to the Companies Law, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director so becoming liable for the payment of any sum primarily due from the Company. The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Company are set out in note 8 and note 9 to the financial statements in this annual report.

EMOLUMENT POLICY

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

EMPLOYEES AND EMOLUMENT POLICY

As at 31 March 2020, the Group employed a total of 34 employees (2019: 30 employees). The staff costs of the Group (including directors' remuneration, employees' salaries, wages, other benefits and contribution to defined contribution retirement plan) for the Relevant Year were approximately HK$14,200,000 (2019: HK$6,752,000).

The remuneration package for our employees generally includes salary and bonus. Our employees also receive welfare benefits, including retirement benefits and medical insurance. We conduct annual review of the performance of our employees for determining the level of salary adjustment and promotion of our employees. Our Executive Directors will also conduct research on the remuneration packages offered for similar positions in Hong Kong in order to keep our remuneration packages at a competitive level.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 March 2020, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (Cap 571 Laws of Hong Kong)("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares of the Company:

Name	Capacity/Nature of interest	Number of shares held	Approximate percentage of issued share capital*
Ms. Jenny Cheung *(Note 1)*	Interest of a controlled corporation; interest held jointly with another person	114,280,000	57.14%
Mr. Anakin Law *(Note 1)*	Interest of a controlled corporation; interest held jointly with another person	114,280,000	57.14%
Mr. Garlos Lee *(Note 1)*	Interest of a controlled corporation; interest held jointly with another person	114,280,000	57.14%
Mr. Lin Hung Yuan *(Note 2)*	Interest of a controlled corporation	34,720,000	17.36%

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 March 2020. (i.e. 200,000,000 shares)

Notes:

1. Ms. Jenny Cheung, Mr. Anakin Law and Mr. Garlos Lee beneficially owns 33.33%, 33.33% and 33.33% of the issued share capital of JAG United Company Limited respectively. By virtue of the SFO, each of Ms. Jenny Cheung, Mr. Anakin Law and Mr. Garlos Lee is deemed to be interested in such shares held by JAG United Company Limited.

2. Mr. Lin Hung Yuan beneficially owns the entire issued shares of VMI Capital Group Limited.

Save as disclosed above, as at 31 March 2020, none of the Directors of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which are required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which shall be, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 31 March 2020, to the knowledge of the Directors, the following persons/entities (other than the Directors or chief executive of the Company) who had or were deemed to have 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 recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long position in the shares:

Name	Capacity/Nature of interest	Number of shares held	Approximate percentage of issued share capital*
JAG United Company Limited *(Note 1)*	Beneficial interest	114,280,000	57.14%
Mr. Szeto Man Wa *(Note 2)*	Interest of spouse	114,280,000	57.14%
Ms. Leung Kwok Mei *(Note 3)*	Interest of spouse	114,280,000	57.14%
Ms. Ng Ka Po *(Note 4)*	Interest of spouse	114,280,000	57.14%
VMI Capital Group Limited *(Note 5)*	Investment Manager	34,720,000	17.36%
VMI Mega Growth Fund SPC *(Note 5)*	Beneficial interest	34,720,000	17.36%
Ms. Zhang Tian *(Note 6)*	Interest of spouse	34,720,000	17.36%

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 March 2020. (i.e. 200,000,000 shares)

Notes:

1. Ms. Jenny Cheung, Mr. Anakin Law and Mr. Garlos Lee beneficially owns 33.33%, 33.33% and 33.33% of the issued share capital of JAG United Company Limited respectively. By virtue of the SFO, each of Ms. Jenny Cheung, Mr. Anakin Law and Mr. Garlos Lee was deemed to be interested in such Shares held by JAG United Company Limited.

2. Mr. Szeto Man Wa was deemed to be interested in 114,280,000 shares of the Company through the interest of his spouse, Ms. Jenny Cheung.

3. Ms. Leung Kwok Mei was deemed to be interested in 114,280,000 shares of the Company through the interest of her spouse, Mr. Anakin Law.

4. Ms. Ng Ka Po was deemed to be interested in 114,280,000 shares of the Company through the interest of her spouse, Mr. Garlos Lee.

5. These shares were held by VMI Mega Growth Fund SPC, a segregated portfolio company and 100% of its management shares is held by VMI Capital Group Limited. Mr. Lin Hung Yuan beneficially owns the entire issued shares of VMI Capital Group Limited.

6. Ms. Zhang Tian was deemed to be interested in 34,720,000 shares of the Company through the interest of her spouse, Mr. Lin Hung Yuan.

Save as disclosed above, as at 31 March 2020, the Directors are not aware of any other persons/entities (other than the Directors or chief executive of the Company) who had 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 recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from those as disclosed in the above paragraph under "Directors' Interest in Shares, Underlying Shares and Debentures of the Company and its Associated Corporation", at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or children under 18 years of age, or were any rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable to the Directors to acquire such rights in any other body corporation.

Save as disclosed above and as provided in the Share Option Scheme, at no time during the year ended 31 March 2020 and up to the date of this annual report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

MAJOR CUSTOMERS AND SUPPLIERS

For each of the years ended 31 March 2020 and 2019, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue

— The largest customer: 9.1% and 7.7% respectively

— The total of the five largest customers: 34.6% and 29.9% respectively

For each of the years ended 31 March 2020 and 2019, the percentage of cost of services attributable to the Group's major suppliers is set out below:

Cost of Services

— The largest supplier: 33.0% and 19.2% respectively

— The total of the five largest suppliers: 65.6% and 51.7% respectively

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers and major suppliers noted above.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 March 2020, the Group had not entered into any connected transactions or continuing connected transactions that are not exempted under Rule 20.71 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

During the year ended 31 March 2020 and up to the date of this annual report, based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the public float as required under the GEM Listing Rules.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles of Association of the Company and the laws of the Cayman Islands and the distribution shall achieve continuity, stability and sustainability. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's earnings per share, the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Group in long-term basis, the financial conditions and business plan of the Group, and the market sentiment and circumstances. The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

COMPETING AND CONFLICT OF INTERESTS

The Directors are not aware of any business or interests of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Company and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 March 2020. None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the year ended 31 March 2020, and the Directors confirm that none of them is engaged in any business which directly or indirectly, competes or is likely to compete with the business of the Company and any of its subsidiaries or has interest in such business.

NON-COMPETITION UNDERTAKING BY THE CONTROLLING SHAREHOLDERS

Each of the controlling shareholders, namely JAG United Company Limited, Ms. Jenny Cheung, Mr. Anakin Law and Mr. Garlos Lee entered into a Deed of Non-competition in favour of the Company on 7 March 2018, the details of which have been set out in the Prospectus.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Giraffe Capital Limited to be the compliance adviser. As notified by Giraffe Capital Limited, as at 31 March 2020, neither Giraffe Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

The compliance adviser's appointment is for a period commencing on 28 March 2018 (i.e. the Listing Date) and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the dispatch of its annual report of the financial results for the second full financial year commencing after the date of initial listing of the Shares on the GEM, or until the compliance adviser agreement is terminated in accordance with its terms and conditions, whichever is earlier. Pursuant to the compliance adviser agreement, Giraffe Capital Limited receives fees for acting as the Company's compliance adviser.

CORPORATE GOVERNANCE

The Company's corporate governance report is set out on pages 32 to 42 of this annual report.

AUDITOR

The financial statements for the year ended 31 March 2020 have been audited by KPMG, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

By Order of the Board

Law Ka Kin
Executive Director

Hong Kong, 22 June 2020

Corporate Governance Report

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 March 2020.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to achieving and maintaining high corporate governance standards 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 of the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that throughout the year under review, the Company has complied with all the code provisions ("CP") as set out in the CG Code which are adopted by the Company with the exception of the deviations set out in the section headed "Chairman and Chief Executive Officer" on page 33 of this annual report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Securities Dealing Code").

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules regarding their securities transaction throughout the year ended 31 March 2020.

The Company has also adopted the Securities Dealing Code for securities transactions by relevant employees of the Group who are likely to possess inside information in relation to the Company or its securities. No incident of non-compliance with the Securities Dealing Code by the relevant employees was noted by the Company.

ROLE OF THE BOARD

The Board oversees the management of the business and affairs of the Company. The Directors are accountable for making decisions objectively in the best interest of the Shareholders as a whole.

The Board is responsible for making decisions on all major aspects of the Company's affairs, including the approval and monitoring of key policy matters, overall strategies, business plans and annual budgets, internal control and risk management systems, material transactions, major capital expenditure, appointment of Directors and other significant financial and operational matters.

The Board may delegate certain aspects of its management and administration functions to the management. In particular, the day-to-day management of the Company is delegated to the Executive Directors of the Group and the management team.

Board Composition

During the year under review, the Company has at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board currently comprises seven members, consisting of four Executive Directors and three Independent Non-executive Directors:

Executive Directors:

Ms. Cheung Lee (Ms. Jenny Cheung) *(member of the Nomination Committee)*
Mr. Law Ka Kin (Mr. Anakin Law) *(member of the Remuneration Committee)*
Mr. Lee Wing Leung Garlos (Mr. Garlos Lee)
Mr. Leung Wai Lun

Independent Non-executive Directors:

Mr. Kwan Chi Hong *(Chairman of the Nomination Committee and member of the Audit Committee)*
Mr. Fenn David *(Chairman of the Remuneration Committee and member of the Audit Committee)*
Mr. Ho Ho Tung Armen *(Chairman of the Audit Committee and member of the Remuneration Committee and Nomination Committee)*

The Board members have no financial, business, family or other material/relevant relationships with each other.

The biographies of the Directors are set out on pages 16 to 21 of this annual report.

Chairman and Chief Executive Officer

Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Code Provisions A.2.2 to A.2.9 further stipulate the roles of chairman for good corporate governance practices. As the Company does not have any director with the title of "chairman" and "chief executive officer", the Company has deviated from the aforesaid Code Provisions.

The roles of chairman and chief executive officer have been performed by the three Executive Directors, Ms. Jenny Cheung, Mr. Anakin Law and Mr. Garlos Lee collectively. Since the three Executive Directors are the founders of the Company and have in-depth knowledge about the management as well as the business operations of the Company, the Board believes that vesting the roles of chairman and chief executive officer in the three Executive Directors allows for efficient business planning and decisions. The Board is also of the opinion that the following matters can still be carried out properly under the current structure:

(i) all directors are properly briefed on issues arising at board meetings (CP A.2.2);

(ii) all directors receive accurate and adequate information in a timely manner (CP A.2.3);

(iii) establishment of corporate governance practice and procedures (CP A.2.5);

(iv) effective communication with shareholders (CP A.2.8); and

(v) full and active contribution of all directors to the affairs of the Board and constructive relations between executive and non-executive directors (CP A.2.6 and A.2.9).

The company secretary has been delegated to compile agenda for board meetings, taking into account any matters proposed by directors (CP A.2.4).

Independent Non-executive Directors

The independent non-executive Directors are highly skilled professionals with a broad range of expertise and experience in the fields of accounting, finance, legal and business. Their skills, expertise and number in the Board ensure that strong independent views and judgement are brought in the Board's deliberations and that such views and judgement carry weight in the Board's decision-making process. Their presence and participation also enable the Board to maintain high standards of compliance in financial and other mandatory reporting requirements, and provide adequate checks and balances to safeguard the interests of the Shareholders.

Each Independent Non-executive Director gives the Company an annual confirmation of his independence. The Company considers such Directors to be independent under the guidelines set out in Rule 5.09 of the GEM Listing Rules.

Each Independent Non-executive Director, upon reasonable request, is given access to independent professional advice in circumstances he may deem appropriate and necessary for the discharge of his duties to the Company, at the expense of the Company.

Non-executive Director

Our Company has signed a letter of appointment with our Non-executive Director, Mr. Lin Hung Yuan, dated 7 March 2018 with an initial term of three years. He resigned with effect from 29 April 2020.

Appointment and Re-election and Rotation of Directors

Each of the Executive Directors entered into a service agreement with the Company for a term of three years. The appointment of the Executive Directors can be terminated by either party by giving not less than three months' prior notice in writing to the other.

Each of the Independent Non-executive Directors entered into a letter of appointment with the Company for a term of three years.

Pursuant to the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

According to the articles of association of the Company, one-third of the Directors for the time being (if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election thereat.

Where vacancies arise at the Board, candidates will be proposed and put forward to the Board by the Nomination Committee (as defined below) as set out below under the section headed "Nomination Committee".

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including the Non-executive Director and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Training, Induction and Continuous Professional Development of Directors

Each newly appointed Director receives comprehensive, formal and tailored induction upon his/her appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

According to the Code Provision A.6.5 of the CG Code, all Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, as well as placing an appropriate emphasis on the roles, functions and duties of the Directors.

The training records of the Directors for the year ended 31 March 2020 are summarized as follows:

Directors	Type of Training Note
Executive Directors	
Ms. Cheung Lee (Ms. Jenny Cheung)	A
Mr. Law Ka Kin (Mr. Anakin Law)	B
Mr. Lee Wing Leung Garlos (Mr. Garlos Lee)	B
Mr. Leung Wai Lun	B
Non-Executive Director	
Mr. Lin Hung Yuan	B
Independent Non-Executive Directors	
Mr. Kwan Chi Hong	B
Mr. Fenn David	B
Mr. Ho Ho Tung Armen	B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Company has established a remuneration committee (the "Remuneration Committee"), an audit committee (the "Audit Committee") and a nomination committee (the "Nomination Committee"), for overseeing particular aspects of the Company's affairs.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3.

Audit Committee

The Audit Committee comprises all Independent Non-executive Directors, namely, Mr. Ho Ho Tung Armen, Mr. Fenn David and Mr. Kwan Chi Hong. Mr. Ho Ho Tung Armen is the chairman of the Audit Committee.

On 8 November 2018, the Board adopted the revised terms of reference of the Audit Committee by a resolution passed on the same date. Such revised terms of reference are posted on the Stock Exchange's website and the Company's website, www.stream-ideas.com.

Under its terms of reference, the primary duties of the audit committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

The Audit Committee is authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary in the performance of its functions. The Audit Committee is provided with sufficient resources by the Company to discharge its duties.

The Audit Committee held four meetings to review the first quarterly results, the interim results and the third quarterly results for the year ended 31 March 2020 and the annual financial results for the year ended 31 March 2019 and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and relevant scope of works and arrangements for employees to raise concerns about possible improprieties. For this annual report, the Audit Committee has met the external auditor to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending it to the Board for approval.

Remuneration Committee

The Remuneration Committee comprises two Independent Non-executive Directors, namely, Mr. Fenn David and Mr. Ho Ho Tung Armen and an Executive Director, Mr. Anakin Law. Mr. Fenn David is the chairman of the Remuneration Committee.

The primary duties of the remuneration committee include, without limitation, (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During the year ended 31 March 2020, the Remuneration Committee held four meetings, to review and make recommendation to the Board on the remuneration package of Executive Directors and other related matters.

Pursuant to paragraph B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 March 2020 is set out below:

Remuneration band	Number of individuals
Nil to HK$1,000,000	2
HK$1,000,000 to HK$2,000,000	1

Nomination Committee

The Nomination Committee comprises two Independent Non-executive Directors, namely, Mr. Kwan Chi Hong and Mr. Ho Ho Tung Armen, and an Executive Director, Ms. Jenny Cheung. Mr. Kwan Chi Hong is the chairman of the Nomination Committee.

The primary functions of the nomination committee include, without limitation, reviewing the structure, size and composition of the Board of Directors, assessing the independence of Independent Non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's Board Diversity Policy.

Where vacancy on the Board exists, the Nomination Committee will carry out a selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations, and select or make recommendations to the Board on the selection of candidates for directorship.

During the year ended 31 March 2020, the Nomination Committee held one meeting, to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors and to consider and recommend to the Board on the re-election of Directors at the annual general meeting. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will report annually on the Board's composition under diversified perspectives, and monitor the implementation of this Board Diversity Policy.

The Company aims to maintain an appropriate balance of diversity of perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be taken into account in determining the optimum composition of the Board.

The Nomination Committee will discuss and agree annually measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender.

At present, the Nomination Committee considered that the Board has sufficient diversity.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Director Nomination Procedure

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a nomination procedure in June 2018 which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Procedure sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;

- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

- Requirements of Independent Non-executive Directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the GEM Listing Rules; and

- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Procedure also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 March 2020, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Procedure, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions as set out in the Code Provision D.3.1 of the CG Code.

During the Relevant Year, the Board has reviewed and developed policies and practices on corporate governance, monitored the training and continuous professional development of Directors and senior management, as well as reviewed the compliance with the CG Code, disclosure in this annual report and legal and regulatory requirements of the Group.

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings and the annual general meeting of the Company held during the year ended 31 March 2020 is set out in the table below:

	Attendance/Number of Meeting(s)				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Directors					
Ms. Cheung Lee (Ms. Jenny Cheung)	4/4	N/A	N/A	1/1	1/1
Mr. Law Ka Kin (Mr. Anakin Law)	4/4	N/A	4/4	N/A	1/1
Mr. Lee Wing Leung Garlos (Mr. Garlos Lee)	4/4	N/A	N/A	N/A	1/1
Mr. Leung Wai Lun	4/4	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Lin Hung Yuan	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Kwan Chi Hong	4/4	4/4	N/A	1/1	1/1
Mr. Fenn David	4/4	4/4	4/4	N/A	1/1
Mr. Ho Ho Tung Armen	4/4	4/4	4/4	1/1	1/1

Four regular board meetings were held during the year ended 31 March 2020.

FINANCIAL REPORTING, RISK MANAGEMENT AND INTERNAL AUDIT

Financial reporting

The Directors acknowledge their responsibility for the preparation of the financial statements of the Company to ensure that these financial statements give a true and fair presentation in accordance with the Hong Kong Financial Reporting Standards.

The statement by the auditor about their reporting responsibilities is set out in the independent auditor's report on pages 67 to 71.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Risk management and Internal control

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems (including reviewing their effectiveness) to safeguard Shareholders' investment and the Group's assets.

Through the Audit Committee, the Board continues to review the effectiveness of risk management and internal control systems which include financial, operational, compliance, risk identification and assessment and risk response implementation controls. This process consists of (i) assessment of such systems by the Group's out-sourced internal audit function; (ii) operational management's assurance of their maintenance of effective risk management systems and internal controls; and (iii) identification of control issues by the external auditor during statutory audit. The Audit Committee reviews the adequacy of resources, qualifications, experiences and training requirements of staff responsible for accounting, financial reporting, treasury, financial analysis and internal audit functions. Review of the effectiveness of the risk management and internal control system has been conducted by the management who provides the confirmation to the Board through the Audit Committee.

The Group engaged an external professional firm for providing internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Group's risk management framework is based on the "Three Lines of Defense" model.

1. The Executive Directors and our management team are responsible for the ongoing identification, assessment, monitoring and reporting of risks and opportunities in their respective areas; the planning and implementation of actions to manage these risks; and escalation of these risks to the executive management and Board that exceed the tolerance limits.

2. The financial controller and company secretary together with the compliance adviser conducts periodic review and challenge of top risks affecting the Group's strategic objectives; escalates the top risks to the Executive Directors and through them, to the Audit Committee and the Board for their review; and facilitates the risk evaluation process.

3. The out-sourced internal audit function provides assurance over the effectiveness of controls in place to manage risks.

The Board acknowledges that it has the overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and Shareholders' interests, as well as for reviewing their effectiveness. However, the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and only provide reasonable and not absolute assurance against material misstatement or loss.

The Group is fully aware of its obligations under the GEM Listing Rules and the Securities and Futures Ordinance, which has established the internal policy to regulate the handling and dissemination of inside information. The Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Future Commission. The internal policy is updated whenever required and adopted accordingly to guide its stakeholder communications and the determination of inside information in order to ensure consistent and timely disclosure.

The Group has established an ongoing process for identifying, evaluating and managing the significant risks faced, including strategic planning, corporate governance, financial reporting, core business processes, and compliance and risk management. Review of the significant risks faced has been conducted to ensure the effectiveness and adequacy of the risk management and internal control system for the year ended 31 March 2020.

For the year ended 31 March 2020 under review, the Board considers that the risk management and internal control systems of the Group are adequate and effective and the Company has complied with the relevant code provisions in the CG Code on internal control.

Independent auditor

The Audit Committee reviews and monitors the independent auditor's independence, objectivity and effectiveness of the audit process. It receives a letter from the independent auditor confirming their independence and objectivity and holds meetings with representatives of the independent auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the independent auditor.

During the year ended 31 March 2020, the remuneration paid or payable to the external auditor of the Company in respect of the audit and non-audit services was as follows:

	HK$'000
Audit service	880
Non-audit services *(Note)*	221
Total	1,101

Note: Non-audit services comprise primarily service fee in relation to provision of advice on the risk management and internal control services provided to the Group.

COMPANY SECRETARY

The joint company secretaries of the Company were Ms. Leung Shuk Yi Shirley, the financial controller of the Company, and Ms. Ngai Kit Fong of Tricor Services Limited. They resigned with effect from 31 March 2020. Ms. Kung Wai Yin was appointed as the company secretary with effect from 31 March 2020. The company secretary's primary contact person at the Company is Mr. Garlos Lee, an Executive Director and compliance officer of the Company. Ms. Leung Shuk Yi Shirley, Ms. Ngai Kit Fong and Ms. Kung Wai Yin have confirmed that they have taken no less than 15 hours of relevant professional training for the year ended 31 March 2020. Please refer to their biographical details as set out on page 21 of this annual report.

RIGHTS OF SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 12.3 of the Articles of Association, the Board may call extraordinary general meetings whenever it thinks fit. General meetings shall also be convened on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists hold as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist holds as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

SENDING ENQUIRIES TO THE BOARD AND PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

Shareholders or investors can contact the Company in the following ways to make enquiry or to provide suggestions:

Contact Person: Ms. Kung Wai Yin
Principal Place of Business: Unit 402A, 4/F, Benson Tower, 74 Hung To Road, Kwun Tong, Hong Kong
Email: iris@stream-ideas.com

Shareholders may send queries about their shareholdings to Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, the Company's branch share registrar in Hong Kong. The requests should accompany with their full name and contact details for identification purpose.

To put forward proposals at a general meeting, the shareholders should submit a written notice of those proposals with detailed contact information to the contact person at the Company's principal place of business stated above.

COMMUNICATIONS WITH SHAREHOLDERS

In every general meeting, in respect of each substantially separate issue, a separate resolution would be proposed by the Chairman of that meeting.

The Board and senior management maintain a continuing dialogue with the Company's shareholders and investors through various channels including general meeting. Our Company's website which contains corporate information, annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group enables the Company's Shareholders to have timely and updated information of the Group.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There were no significant changes in the constitutional documents of the Company for the year ended 31 March 2020.

INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

Stream Ideas Group Limited (the "Company"), together with its subsidiaries, (the "Group" or "we") is a leading and well-established advertising agency. The principal activity of the Group is to provide online advertising services to brand owners and advertising agencies, which includes social viral service, engager service, and mass blogging service. Its business primarily operates in Hong Kong, Taiwan, Malaysia and Singapore. The Group's headquarter is located in Hong Kong and has offices in Taiwan, Malaysia, Indonesia and the Philippines.

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The ESG Governance Structure

The Group has set up an ESG working taskforce (the "Taskforce"), comprising staff from relevant departments, in which, full-time staff has been assigned to collect the data relevant to ESG and compile the ESG Report. The Taskforce would periodically report to the board of directors (the "Board"), assist in the assessment and identification of the risk management of the Group on ESG aspects and whether its internal control system is appropriate and effective. The Taskforce reviews the ESG performance of the Group, including environmental, labour practices, and other ESG aspects. The Board sets the tone at the top for its ESG strategies, and is responsible for ensuring effective risk management and internal controls.

SCOPE OF REPORTING

The ESG Report covers the Group's business activities of offices in Hong Kong, Taiwan, Malaysia, Indonesia and the Philippines which represent the Group's major sources of revenue. As the Group's business in Singapore is handled by employees stationed in Malaysia's office, the ESG key performance indicator ("KPI") gathered in Malaysia's operations also represent that of Singapore's business. The Group will extend the scope of disclosures when and where applicable. The KPIs are shown in the ESG Report as well as supplemented by explanatory notes to establish benchmarks.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in the Appendix 20 to the Rules Governing the Listing Securities on GEM of The Stock Exchange of Hong Kong Limited. Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 32 to 42 of Annual Report 2019–2020.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group from 1 April 2019 to 31 March 2020 (the "Relevant Year").

STAKEHOLDER ENGAGEMENT

We value our stakeholders and their feedback on our businesses and ESG aspects. In order to understand and address their key concerns, we have maintained close communication with our key stakeholders, including but not limited to government, investors, customers, partners, employees, as well as community and the public.

We take stakeholders' expectations into consideration in formulating our businesses and ESG strategies by utilising diversified engagement methods and communication channels, shown as below.

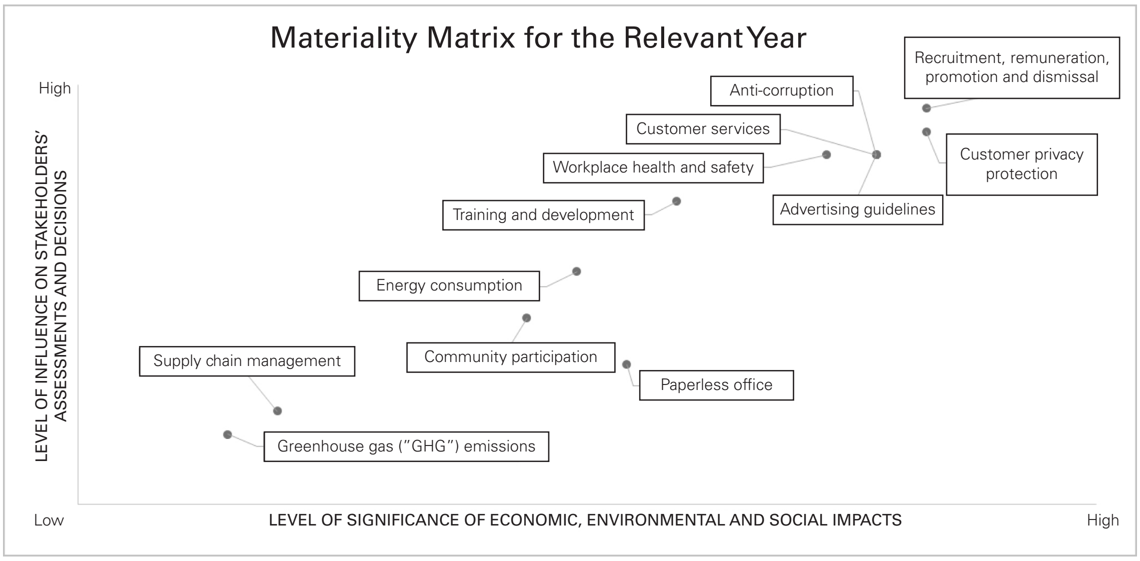
Stakeholders	Expectations and Requirements	Means of Communication
Government	• Observance of laws and disciplines and payment of tax according to laws	• Complying with relevant laws and regulations
Investors	• Stable reporting of investment	• Regular reporting of operating information
		• Financial reports
Customers	• Providing excellent services	• Setting up a variety of communication channels to understand customer needs
Partners	• Maintaining good business dealings	• Carrying out strategic cooperation
Employees	• Competitive salary and benefits	• Establishing a sound system of employee management
	• Fair promotion and development	• Strengthening communication between employees through multi-channels
	• Good working environment	• Developing employee activities
Community and the public	• Corporate social responsibility	• ESG reports

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community on a continuous basis.

MATERIALITY ASSESSMENT

The management and staff of the Group's respective major operations have participated in the preparation of the ESG Report to assist the Group in reviewing our operations and identifying relevant ESG issues and assess the importance of related matters to our businesses and stakeholders. Based on the assessed significant ESG issues, a data collection questionnaire was prepared to collect information from relevant departments and business units of the Group.

The following is matrix of the Group's material ESG issues included in the ESG Report:



During the Relevant Year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues, and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

We welcome stakeholders to provide their opinions and suggestions. You can provide valuable advices in respect of the ESG Report or our performances in sustainable development by email at contact@stream-ideas.com.

A. ENVIRONMENTAL

A1. Emissions

The Group principally engages in online advertising services. Our business operations do not directly generate any GHG emissions, exhaust gas emissions, hazardous waste, and only generate an insignificant amount of non-hazardous waste. Nonetheless, we recognise our responsibilities towards the potential indirect negative environmental impacts associated with our business operations.

By integrating environmental consideration into our decision making processes, we embrace our responsibilities to create an environmentally sustainable business. We are also committed to raising our employees' environmental awareness and complying with the relevant environmental laws and regulations.

To enhance our environmental governance practice and mitigate the environmental impacts produced by our operations, we have implemented relevant environmental protection policies and communicated such policies to our employees. These policies encourage our staff to contribute towards sustainability by adopting environmentally friendly operation methods. In the long run, we will continue to enhance our environmental management strategies in monitoring and minimising the environmental impacts brought by our businesses regularly in the coming years.

During the Relevant Year, the Group did not have any material non-compliance with the relevant environmental laws and regulations that have a significant influence on the Group's operations, including but not limited to the "Waste Disposal Ordinance", "Air Pollution Control Ordinance", "Noise Control Ordinance" of Hong Kong, "Waste Disposal Act" of Taiwan, "Environmental Quality Act" of Malaysia, "Law No. 32 of 2009 on Environmental Protection and Management" of Indonesia and "Clean Air Act" of the Philippines.

Exhaust Gas Emissions

Since the Group's major businesses are providing online advertising service, the Group has no industrial production or any factory facilities. No exhaust gas is directly generated by the Group and therefore exhaust gas emissions are immaterial to the Group's operation. While the major type of emissions produced by the Group's operation is indirect GHG emissions, details will be disclosed in the following section.

GHG Emissions

As a corporation providing online advertising services, the Group's daily operations have minimal impacts on the environment. Nevertheless, we still focus on nurturing and strengthening our employees' awareness of environmental protection in their daily work processes, and actively implement the Group's environmental protection measures, with the aim to lower the GHG emissions and reduce non-hazardous wastes generation.

The Group has no direct GHG emissions (Scope 1) as it does not have any direct consumption of fuels for vehicles or production facilities due to its business nature. The principal GHG emissions of the Group are generated from purchased electricity (Scope 2) and the aircraft navigation during employees' business trip (Scope 3). The total GHG emissions of the Group increased by approximately 10.8% from approximately 16.55 tCO_2e in the Previous Year to approximately 18.33 tCO_2e in the Relevant Year. This is mainly due to the increase in the electricity consumption for energy indirect GHG emissions (Scope 2) which results from the data availability of the Group's Taiwan office electricity consumption for the Relevant Year, and is included in the calculation. The summary of GHG emissions and its intensity were as follows:

Indicator[1]	Unit	Relevant Year GHG emissions	Previous Year GHG emissions
Direct GHG emissions (Scope 1)	tCO_2e	–	–
Energy indirect GHG emissions (Scope 2) — Purchased electricity	tCO_2e	11.80[2]	8.86
Other indirect GHG emissions (Scope 3) — Business aircraft navigation	tCO_2e	6.53	7.69
Total GHG emissions (Scope 1, 2 and 3)	tCO_2e	18.33	16.55
Intensity	tCO_2e/HK$ million	0.74[3]	0.59

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the latest released emission factors of CLP, the latest released emission factors of Malaysia's regional power grid basis, the latest released emission factors of Taiwan's regional power grid basis, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited, "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5).

2. Electricity consumption in Indonesia and the Philippines are not available due to the use of co-working space.

3. During the Relevant Year, the total revenue of the Group was approximately HK$24,907,000. Unless specified otherwise, the data is also used for calculating other intensity data.

We have adopted the following measures to mitigate the energy indirect GHG emissions from electricity consumption in our operations:

- Encouraged employee to avoid overtime working as far as possible and leave the office before 8pm;
- Required employees to turn off their computers power after work;
- Switched off lights during lunch hour;
- Kept the air-conditioning temperature at 24 degrees Celsius in summer; and
- Encouraged employees to turn off the air-conditioners and open the windows for ventilation in winter.

Consumption of electricity is accounted as the most significant source of indirect GHG emissions. The Group has implemented measures as stated in "Energy Consumption" of aspect A2 below in order to reduce energy consumption, and thereby minimising carbon footprint.

Through these GHG emissions mitigating measures, the employees' awareness on GHG emissions mitigation has been enhanced.

Sewage Discharge

The Group is principally engaged in the provision of online advertising services. We do not consume significant volume of water during our business activities, and therefore our business activities did not generate material discharge into water during the Relevant Year. The majority of the water supply and discharge facilities are provided and managed by property management companies.

Waste Management

Hazardous wastes handling method

Although the Group did not generate hazardous wastes during the Relevant Year, we have established guidelines in governing the management and disposal of hazardous wastes. In case there is any hazardous waste produced, we are required to engage a qualified chemical waste collector to handle such waste, which complied with the relevant environmental regulations and rules.

Non-hazardous wastes handling method

The Group's wastes mainly come from office operation, including non-hazardous wastes such as paper, toner cartridge and ink cartridge. With the aim of minimising the environmental impacts from non-hazardous wastes generated from our business operations, the Group has implemented measures to handle such wastes and launched different reduction initiatives.

The total non-hazardous waste generated was doubled from approximately 0.02 tonnes in the Previous Year to approximately 0.04 tonnes in the Relevant Year due to the expansion of reporting scope. The summary of major non-hazardous waste disposal of the Group and its intensity were as follows:

Type of non-hazardous waste	Unit	Relevant Year Waste disposal amount	Previous Year Waste disposal amount
Paper	tonnes	0.04[4]	0.02
Total non-hazardous waste	tonnes	0.04	0.02
Intensity	tonnes/HK$ million	0.002	0.001

Note:

4. Actual paper consumption amount was approximately 10,000 sheets.

We have implemented the following initiatives to encourage employees to share responsibilities in waste management and minimise waste generations:

- Used double-sided printing or photocopying wherever possible;
- Utilised electronic media for communication;
- Recycled one-sided printed paper;
- Avoided single-use disposable items; and
- Placed "Green Message" reminders on office equipment.

Through these waste reduction measures, the employees' awareness on waste management has been enhanced.

A2. Use of Resources

The Group strives to optimise resource usage in our business operations and take initiatives to introduce measures on promoting resource efficiency and adopting eco-friendly approaches in our operations. As an office-based company, the Group's major resource consumption are energy consumption and office paper consumption. We have established related policies and initiatives related to energy consumption management, which will be mentioned in this section. We have also noticed the potential environmental impacts brought by the consumption of other natural resources, such as water consumption, related policies and initiatives are also implemented to mitigate such impacts brought by our operations.

Energy Consumption

The major energy consumption of the Group is electricity consumption in the daily operation. The Group aims to minimise environmental impacts in our operations by identifying and adopting appropriate measures in our operations. We continuously explore the use of new energy in our business operation and how to optimise, integrate and use the resources in a highly efficient manner with the support of the latest information science and technology, thereby achieving sustainable development. Related policies and initiatives on energy conservation have been developed to show our concern on energy efficiency. All employees must implement the adopted policies and measures in resource utilisation. Regular review is conducted on our energy objectives and targets to seek continuous improvement in the Group's energy performance.

Monthly monitoring on the usage of electricity, water and other materials is implemented. Unexpected high electricity consumption will be investigated to find out the root cause and preventive measures will be taken. During the Relevant Year, the Group has implemented the following measures relating to energy conservation:

- Switched off unnecessary lightings and electrical appliances when not in use; and
- Set all printers, photocopiers and computers to energy saving mode.

As a result, the employees' awareness of energy conservation has been increased through these energy-saving measures.

The electricity consumption amount has increased by about 74.2% from approximately 12,890.00 kWh in the Previous Year to approximately 22,459.00 kWh in the Relevant Year. This is because the Group is able to obtain Taiwan office's electricity consumption amount in the Relevant Year, and has included such data in our calculation, but such data was not available in the Previous Year. The energy consumption of the Group and its intensity were as follows:

Type of energy	Unit	Relevant Year Energy consumption	Previous Year Energy consumption
Electricity	kWh	22,459.00[5]	12,890.00
Intensity	kWh/HK$ million	901.71	457.51

Note:

5. The electricity consumption only includes Hong Kong, Malaysia and Taiwan offices. The actual electricity consumption of Indonesia and the Philippines office are not available since the offices are co-working space.

Water Consumption

Water consumption of the Group is mainly for basic business operation. We encourage all employees to develop the habit of water conservation. We have been strengthening our water-saving promotion, posting water saving reminders, and guiding employees to use water reasonably.

Since our principal business is providing online advertising service, we do not consume significant amounts of water through our business activities. During the Relevant Year, the Group's water consumption was approximately 3.54 cubic metres, with an intensity of approximately 0.14 cubic metres per million revenue. The majority of the water supply facilities are provided and managed by property management companies, and therefore the sourcing of suitable water sources is not relevant to the Group.

Use of Packaging Materials

As the principal business of the Group is providing online advertising service, we did not consume any packaging materials for product packaging during the Relevant Year.

A3. The Environment and Natural Resources

Although the core business of the Group has limited impact on the environment and natural resources, as an on-going commitment to corporate social responsibility, we recognise the importance in minimising the negative environmental impacts of our business operations. The Group believes that it is essential to act as an environmentally responsible corporation to meet the customers' demands in environmental protection and the expectation of the community for a healthy living environment. We are also devoted to achieving sustainable development for generating long-term values to the community and our stakeholders.

We made efforts to mitigate our potential environmental impacts through adopting industry best practices targeted at reducing natural resources consumption and developing effective environmental management. We regularly assess the environmental risks of our businesses, adopt preventive measures to reduce potential risks and ensure compliance with relevant laws and regulations.

Paperless Office

In order to reduce paper usage, the Group strongly advocated paperless office operations. All offices are operated with electronic system as far as possible to reduce the use and consumption of office paper in order to save forest resources. We also encourage electronic medium for communications within the office and with suppliers.

B. SOCIAL

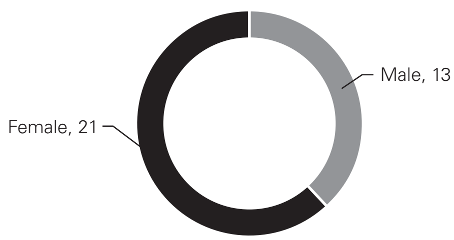
B1. Employment

Human resources are the foundation for the Group's continuous development. Therefore, relevant employment policies were established to adopt people-oriented management and realise the full potential of employees. These employment policies are formally documented, covering recruitment, remuneration, promotion, working hours and rest periods, diversity and equal opportunities, etc. We review these policies and our employment practices periodically to ensure continuous improvements in our employment standards.

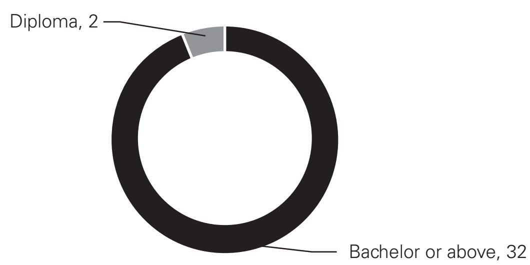
During the Relevant Year, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the "Employment Ordinance" of Hong Kong, "Labour Standards Act" of Taiwan, "Employment Act 1955" of Malaysia, "Law No. 13 of 2003 concerning Manpower" of Indonesia and "Labour Code" of the Philippines.

As at 31 March 2020, the Group had 34 employees in total. In terms of gender, there were 21 females and 13 males in the Group, among them 32 had attained bachelor or above and 2 of them had attained diploma in their education. The followings show details of employees as at 31 March 2020 by major indicators:

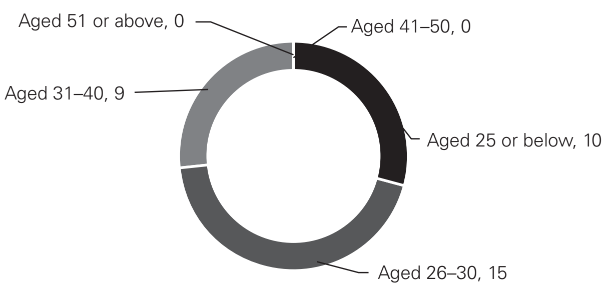
Breakdown of the Group's employees by gender



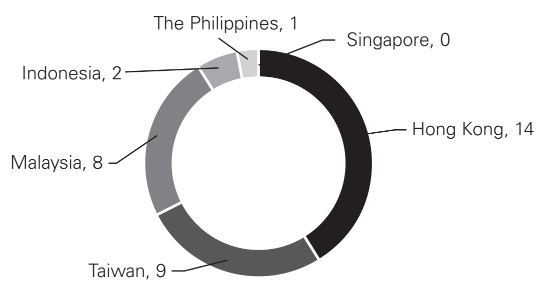
Breakdown of the Group's employees by education level



Breakdown of the Group's employees by age group



Breakdown of the Group's employees by geographical region



The turnover rate for the Relevant Year were as follows:

Categories	Turnover employee	Turnover rate
By gender		
Male	1	8%
Female	4	19%
By age group		
Aged 25 or below	2	20%
Aged 26–30	2	13%
Aged 31–40	–	–
Aged 41–50	–	–
Aged 51 or above	1	100%
By geographical regions		
Hong Kong	3	21%
Taiwan	1	11%
Malaysia	1	13%
Indonesia	–	–
The Philippines	–	–
Singapore	–	–

Recruitment, Remuneration, Promotion and Dismissal

During recruitment, the Group adheres to the principle of "open, fair and just" to take a two-way choice, consider candidates on merit, and avoid any discriminatory behaviour. We have established clear Human Resources Policies stipulating the processes of recruitment, termination and payroll management, etc. We are strictly in compliance with the various relevant national employment laws and regulations and provide all employees with benefits they should enjoy.

The Group has developed a set of sound employment rules and regulations, and set out clear provisions of the rights and obligations of the employees in the Employee Handbook. The Employee Handbook stipulates that the daily working hour of employees in Hong Kong and Malaysian offices. The office hour is from 10am to 6pm, including a one-hour lunch break. Employees work for 7 hours per day, with an average of 35 hours per week. The daily working hour of employees in Taiwan office is from 10am to 6:30pm, including a one-hour lunch break. Employees work for 7.5 hours per day and work for an average of 37.5 hours per week. Employees are also entitled to statutory holidays and annual leave benefits according to the applicable laws.

Employees' benefits of various branches of the Group are as follows:

- Hong Kong Office: The Group provides a defined contribution to the Mandatory Provident Fund as required under the "Mandatory Provident Fund Schemes Ordinance" for our eligible employees in Hong Kong.

- Taiwan Office: The Group has participated in and contributed to the pension scheme as registered under the "Labour Pension Act" in Taiwan.

- Malaysia Office: The Group participates in the mandatory employee provident fund in accordance with the "Employees Provident Fund Act 1991" providing for the retirement benefits for all employees who are Malaysian citizens.

- Indonesia Office: The Group has participated in and contributed to the pension fund according to related employment laws and regulations.

- The Philippines Office: The Group has contributed to the Social Security System as required by related employment laws and regulations.

All housing, medical and other allowances will be proposed by Local General Manager and approved by another General Manager.

Communication Channels

We recognise the importance to maintain close and open communication with our employees. Employees are encouraged to exchange information, ideas and views about matters of mutual interest and concern through both formal and informal channels. Management reviews the result of the survey and implements corresponding improvement actions.

Diversity, Equal Opportunities and Anti-discrimination

A diverse and skilled workforce is crucial for our business. The Group is committed to creating and maintaining an inclusive and collaborative workplace culture. We are dedicated to providing equal opportunities in all aspects of employment and maintaining a workplace that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status and sexual orientation. Employees are welcome to report any suspected cases to protect the rights and interests of each employee. We have zero tolerance on sexual harassment or abuse in the workplace in any forms.

B2. Health and Safety

The Group does not pose a significant threat to the health and safety of employees during the provision of online advertising service. Nevertheless, the Group undertakes to safeguard the health and safety of its employees and expects all employees to strictly observe our health and safety policies. We will continue to invest sufficient resources and devote efforts to maintain and enhance safety management so as to reduce the risks involved in health and safety.

During the Relevant Year, the Group has not recorded any work-related fatalities nor lost days due to work injury. During the Relevant Year, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to "Occupational Safety and Health Ordinance" of Hong Kong, "Occupational Safety and Health Act" of Taiwan, "Occupational Safety and Health Act" of Malaysia, "Law No.1 of 1970 on Occupational Safety" of Indonesia and "Occupational Safety and Health Standards Act" of the Philippines.

Workplace Health and Safety

Regarding workplace health and safety, first aid boxes are available at readily accessible locations in the Group's offices. Treatment for minor injuries can be obtained on request to the supervisor in charge at the site of the first aid box nearest to the scene of the accident. Employees who suffer from injury arising out of and in the course of employment are entitled to compensation in accordance with the related laws.

The measures for emergency situations in respect of fire occurring in certain buildings or installations are also regulated in the Employee Handbook which contains guidelines assisting employees to take proper immediate action when discovering a fire. The Group provides fire drill for the employees to ensure they can evacuate quickly and safely from the premises and assembled in the designated area away from the building in the event of a fire.

We also take adverse weather situation into consideration for our employees' health and safety. The Group's Employee Handbook clearly sets out the arrangements for adverse weather for our employees. For example, in Hong Kong, under adverse weather situation including typhoon and black rainstorm warning, employees will be allowed to return home and those with particular travelling problems may be released earlier at the discretion of their head of department when the Observatory makes the announcement of possible hoisting of typhoon warning signal No.8 or Black Rainstorm Warning.

Employees are free to provide feedbacks on improving the workplace safety and report any potential hazards that may lead to injury or danger. We emphasise the importance of strict compliance with safety requirements to our employees, enhancing their awareness on health and safety issue.

Other Health and Safety Measures

With the outbreak of the COVID-19 pandemic, the Group is highly conscious of the potential health and safety impacts brought to its employees. Apart from strengthening the sanitation of its operations to ensure a health and safe working environment, precautionary measures such as temperature screening before entering the workplace, and ensuring sufficient disinfection supplies such as face masks and hand sanitisers in our operations are implemented.

B3. Development and Training

Training and Development

The Group recognises the valuable contribution of our talents for the continuous success of the Group. Nurturing talents and polishing the skills of our human capital are crucial in leading us to excellence. This is achieved through development of training strategy that focuses on creating values and serving the needs of our customers, talents and society. Therefore, we encourage our employees to attend trainings and obtain professional qualifications.

We notice the importance of training and development for our staff to keep abreast of the latest trend in the industry and the dynamic pace in current market. We stipulate the training policies in the Employee Handbook that each employee shall develop their own training objectives where sales staff are expected to stay up to date with latest advertising market trends by conducting research regularly. The Group will provide suitable training and development opportunities to assist employees to meet their training objectives as well as achieving business goals, specifically for sales team, customer service and administration team, finance team, and IT team in order to maintain excellent service for our members. New employees are required to attend an orientation programme within the first week of employment. The programme will provide information on the Group's structure, mission and business model, the employee's role in contributing to business success and objective, as well as office procedures.

B4. Labour Standards

Prevention of Child and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and conducts recruitment based on the relevant laws and regulations.

Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' personal data to ensure no child labour will be recruited. The Human Resources Department also ensures identity documents are carefully checked. Overtime working is on a voluntary basis. Also, compensation is provided for overtime working with prior approval obtained from respective supervisor. If there is any violation, it will be dealt with in the light of the circumstances.

During the Relevant Year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the "Employment Ordinance" of Hong Kong, "Labour Standards Act" of Taiwan, "Employment Act 1955" of Malaysia, "Law No. 13 of 2003 concerning Manpower" of Indonesia and "Labour Code" of the Philippines.

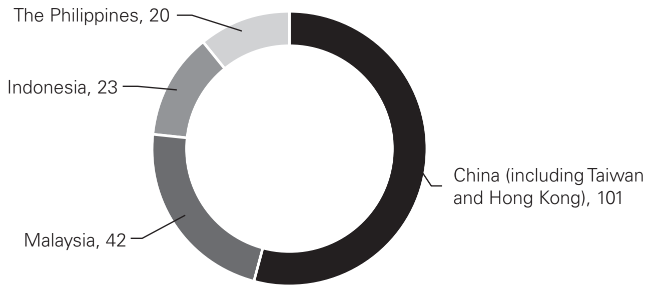
B5. Supply Chain Management

Supply Chain Management

The Group highly values our relationship with suppliers and regards them as important business partners. All suppliers are evaluated carefully and subjected to regular monitoring and assessment. The Group has formulated related procurement policies and procedures to manage its suppliers and the policies and procedures are reviewed annually.

As at 31 March 2020, the Group had a total of 186 suppliers. The Group has set clear requirements on selection and management of suppliers to ensure standardised management and proper selection of suppliers and effective control over operational risks resulting from improper selection, unreasonable method or fraudulent practice of suppliers.

The Group's suppliers in the Relevant Year



In order to manage the progress and quality of work conducted by our suppliers, we have set up standards for our suppliers through JAG Procurement Policies and Procedures so as to establish procedures for the Group for the procurement of supplies such as cash coupons and other expendable property, equipment, and other services. We have also established a database of suppliers, which includes the basic information of suppliers, the types of products or services providers, the types of suppliers and the supply prices for the Group's long-term follow-up assessment of suppliers. Our managers and project coordinators conduct regular review with the appointed suppliers.

Fair and Open Procurement

Related policies are formulated to ensure that the suppliers could participate in competitions in an open and fair way. The Group should not have differentiated or discriminated treatment on certain suppliers; it would strictly monitor and prevent all kinds of business bribery; and employees or personnel having any interest relationship with the supplier should not be involved in the related business activity.

B6. Product Responsibility

The Group highly values customers' satisfaction in pursuit of quality excellence. The quality management system of the Group is applicable to all operation related departments. Regular internal audit on the effectiveness and level of compliance of quality management system are carried out on an annual basis. Moreover, management review meeting is conducted at least once a year to ensure the stability adequacy and effectiveness of the quality management system.

During the Relevant Year, there was no product recall for safety and health reasons. Also, there were no significant products and service related complaints received.

During the Relevant Year, the Group was not aware of any incidents of non-compliance with laws and regulations concerning advertising, labelling and privacy matters relating to products and services provided that have a significant impact on the Group, including but not limited to the "Personal Data (Privacy) Ordinance" of Hong Kong, "Personal Information Protection Act" of Taiwan, "Personal Data Protection Act" of Malaysia, "Law No. 8 of 1999 on Consumer Protection" of Indonesia, and "Data Privacy Act" of the Philippines.

Customer Privacy Protection

The Group takes serious protection of our members' confidential information. The Group seeks to protect our members' information and accounts by employing data security measures such as encryption, passwords and firewalls, etc. Our employees are prohibited to use the personal information of our members for purposes which are not related to the maintenance of their accounts, unless their prior consent is obtained. Except our executive directors, our employees cannot access the personal information of our members outside our offices. The Group provides our employees only the non-personal information such as the number of times their advertisements have been clicked. We do not sell, rent or otherwise share the personal information of our members with any third parties without their prior consent. Besides, the Group adopts security policies and measures, including encryption technology, data backup and recovery system to protect members' personal information. Stipulated in our Privacy Policy, we ensure that the processing of personal data for marketing purposes, including direct marketing and use of CRM-systems, fulfil the requirements of applicable law. Furthermore, each of our external websites includes an online privacy statement and procedures for fulfilling the requirements of applicable law.

Customer Services

To provide a pleasant user experience for our customers, the Group has long established a set of procedures to handle customers' feedbacks or complaints in a professional manner. Customers' information will be recorded and enquiries or complaints cases received will be transferred to the relevant department for further handling. Reviews on feedback or complaints are conducted, and action plans are in place to promptly address the identified issues. Customers' satisfaction is evaluated after the cases are settled, and feedbacks or complaints may be circulated to management if necessary.

Protection of Intellectual Property Rights

The Group registered a trademark of the Company logo and branded our businesses by using "JAG" as its brand name in Hong Kong, Singapore, Taiwan, Malaysia, Indonesia and the Philippines. For any infringement of our intellectual property, we will urge infringers to cease such action. The Human Resources Department of the Group will take further action if infringement continues.

Advertising Guidelines

The Group has formulated clear guidelines on advertising for our employees to follow in order to standardise its sales procedures. Sales procedures ranging from briefing, service recommendation, quotation and information check, confirmation, campaign set up and testing, campaign launch, etc. are clearly set out the relevant policy. This ensures proper authorisation and recognition on sales.

B7. Anti-corruption

The Group has zero toleration on any corruptions, frauds and all other behaviours violating work ethics. We value and uphold integrity, honesty and fairness in the way we conduct businesses.

During the Relevant Year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the "Prevention of Bribery Ordinance" of Hong Kong, "Anti-Corruption Act" of Taiwan, "Anti-Corruption Commission Act 2009" of Malaysia, "Law No. 31 of 1999 on the Eradication of the Criminal Act of Corruption" of Indonesia and "Anti-graft And Corrupt Practices Act" of the Philippines. There were also no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Relevant Year.

Anti-corruption

Basic standards of expected conducts for all employees are clearly set out in anti-corruption policy and the Code of Conduct in the Employee Handbook. Any incidents that may have conflict of between their personal interest and the Group's interest in dealing with suppliers, consumers and all other organisations doing or seeking to do business with the Group or any subsidiaries or associates should be avoided. Employees should not offer, solicit or accept anything of material value to or from their colleagues, customers, suppliers or other business partner of the Group unless it has given its consent. Incidents or suspected cases of corruption, theft, fraud and embezzlement must be reported to management through their department manager or the Human Resources Department.

Employees will be subjected to disciplinary actions if violation of related anti-corruption policy and the Code of Conduct are found after investigation. Disciplinary actions include verbal or written warnings and dismissal. Management will make an investigation and report to the police or relevant authorities such as ICAC if appropriate. Employees are required to sign the Employee Handbook annually in January to confirm that they comply with the guides and all policies and procedures of the Group.

B8. Community Investment

The Group believes that returning society through social participation and contribution is a form of showing corporate citizenship. We also see the potential to nurture corporate culture and inspire our employees towards social concerns in the daily work life. We would embrace the human capital into the social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

Community Participation

We participate in various community activities to help the needy in society such as making donations, providing volunteering services, offering sponsorships, etc. The Group's members can choose to use their earned JAG points to donate to UNICEF. If they choose to do so, we will donate on their behalf to UNICEF. During the Relevant Year, the Group has received 5 requests from its Malaysian members and 25 requests from its Hong Kong members, leading to a total donations of approximately HK$3,000 to UNICEF Malaysia and UNICEF Hong Kong. In addition, to support the development of the advertising industry and recognise some of the great achievements in the advertising community, the Group sponsored HK$60,000 for the Marketing Excellence Award Malaysia.

To have a better understanding of the needs in society and strengthen the connection with local communities, we regularly communicate with local charities. We have also encouraged our employees to participate in community activities and suggest areas of contribution based on their personal experiences in the community.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions — Exhaust Gas Emissions; GHG Emissions; Waste Management; Sewage Discharge
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions — GHG Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management (Not applicable — Explained)
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.5 ("comply or explain")	Description of reduction initiatives and results achieved.	Emissions — Exhaust Gas Emissions; GHG Emissions
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Consumption
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources — Water Consumption
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Consumption
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Consumption
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Materials (Not applicable — Explained)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Paperless Office

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1 ("recommended disclosures")	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2 ("recommended disclosures")	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1 ("recommended disclosures")	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2 ("recommended disclosures")	Lost days due to work injury.	Health and Safety
KPI B2.3 ("recommended disclosures")	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1 ("recommended disclosures")	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2 ("recommended disclosures")	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1 ("recommended disclosures")	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2 ("recommended disclosures")	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1 ("recommended disclosures")	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2 ("recommended disclosures")	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3 ("recommended disclosures")	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4 ("recommended disclosures")	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5 ("recommended disclosures")	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1 ("recommended disclosures")	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1 ("recommended disclosures")	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2 ("recommended disclosures")	Resources contributed (e.g. money or time) to the focus area.	Community Investment

KPMG

Independent auditor's report to the shareholders of Stream Ideas Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Stream Ideas Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 72 to 123, which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Assessment of recoverability of trade receivables

Refer to Note 17 to the consolidated financial statements and the accounting policies Notes 2(i)(i) and 2(k).

The Key Audit Matter	How the matter was addressed in our audit
As disclosed in Note 17 to the consolidated financial statements, the Group has trade receivables amounting to approximately HK$7,041,000 as at 31 March 2020. Trade receivables are generally due within 60 to 130 days from the date of billing. Loss allowances for trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history, customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified assessing the recoverability of trade receivables as a key audit matter because the assessment of the recoverability of trade receivables and recognition of loss allowance are inherently subjective and require significant management judgement, which increases the risk of error or potential management bias.	Our audit procedures to assess the recoverability of trade receivables included the following: • evaluating the design, implementation and operating effectiveness of key internal controls which govern credit control, debt collection and estimate of expected credit losses; • assessing, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices; • assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances; and • inspecting cash receipts from customers after the financial year end relating to trade receivable balances as at 31 March 2020, on a sample basis.

KEY AUDIT MATTERS (continued)

Assessment of measurement of point provision

Refer to Note 20 to the consolidated financial statements and the accounting policies Note 2(r).

The Key Audit Matter	How the matter was addressed in our audit
The Group operates a membership point programme that provides point rewards to programme members when members have completed missions related to advertising campaigns held by the Group or the Group’s customers. Points accumulated by programme members can be redeemed for rewards within a limited time period, after which they expire. The Group estimates the unit fair value of points and uses this estimate to make a provision for the estimated cost to the Group of points accumulated under the membership point programme (the “point provision”). If the points expire unexercised then the respective amount of the provision is reversed as a reduction to the cost of services. As disclosed in Note 20 to the consolidated financial statements, the carrying amount of the point provision as at 31 March 2020 amounted to approximately HK$7,375,000. Reversal of point provision of HK$664,000 was recognised during the year ended 31 March 2020. We identified the measurement of the point provision as a key audit matter because the estimation of the unit fair value of points involves judgement on a number of assumptions arising from the redemption of points, including estimated costs of purchase of inventories to be used for settlement of points redeemed and estimated future redemption pattern.	Our audit procedures to assess the measurement of the point provision included the following: • assessing the design, implementation and operating effectiveness of key internal controls over the point provision; • inspecting the underlying documentation and comparing to the purchase information used in estimating the purchase costs of inventories to be used for settlement of points redeemed, on a sample basis; • performing analytical procedures on the point provision, which included forming an expectation based on historical information and comparing the results with the point provision recognised by the Group; and • challenging the key assumptions and critical judgements made by management which impacted their estimations of the point provision, considering key terms and conditions of membership terms of service and performing retrospective review on actual redemption pattern to assess whether there is an indication of management bias.

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

— 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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

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

KPMG
Certified Public Accountants

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

22 June 2020

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For the Year Ended 31 March 2020

(Expressed in Hong Kong dollars)

	Note	2020 $'000	2019 (Note) $'000
Revenue	4	**24,907**	28,174
Cost of services		**(11,559)**	(9,274)
Gross profit		**13,348**	18,900
Other income	5	**1,345**	916
Selling and distribution costs		**(5,893)**	(3,776)
Administrative and other operating expenses		**(14,201)**	(9,661)
(Loss)/profit from operations		**(5,401)**	6,379
Finance costs	6(c)	**(13)**	–
(Loss)/profit before taxation	6	**(5,414)**	6,379
Income tax	7(a)	**73**	(1,007)
(Loss)/profit for the year		**(5,341)**	5,372
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss (nil of tax effect):			
Foreign currency translation differences for foreign operations		**21**	(134)
Total comprehensive income for the year		**(5,320)**	5,238
(Losses)/earnings per share	11		
— Basic		**$ (0.03)**	$ 0.03
— Diluted		**$ (0.03)**	$ 0.03

Note: The Group has initially applied HKFRS 16, *Leases*, at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2(c).

The notes on pages 77 to 123 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 10.

Consolidated Statement Of Financial Position

(Expressed in Hong Kong dollars)

	Note	At 31 March 2020 $'000	2019 (Note) $'000
Non-current assets			
Property, plant and equipment	12	**450**	126
Intangible assets	13	**2,757**	795
Financial assets at fair value through profit or loss	14	**5,126**	–
Deferred tax assets	7(d)	**514**	451
		8,847	1,372
Current assets			
Inventories	16	**716**	638
Trade and other receivables	17	**8,347**	10,122
Contract assets	18	**643**	1,341
Tax recoverable	7(c)	**1,036**	709
Deposits with bank		**18,088**	51,894
Cash and cash equivalents	19	**28,644**	6,423
		57,474	71,127
Current liabilities			
Trade and other payables	20	**9,016**	9,654
Lease liabilities	21	**207**	–
Contract liabilities	22	**521**	894
Tax payable	7(c)	**–**	77
		9,744	10,625
Net current assets		**47,730**	60,502
Total assets less current liabilities		**56,577**	61,874
Non-current liabilities			
Lease liabilities	21	**94**	–
Deferred tax liabilities	7(d)	**–**	71
		94	71
NET ASSETS		**56,483**	61,803

Consolidated Statement Of Financial Position
(Expressed in Hong Kong dollars)

		At 31 March	
		2020	2019 (Note)
	Note	**$'000**	$'000
CAPITAL AND RESERVES			
Share capital	23(b)	**2,000**	2,000
Reserves		**54,483**	59,803
TOTAL EQUITY		**56,483**	61,803

Approved and authorised for issue by the board of directors on 22 June 2020.

Lee Wing Leung, Garlos	)	
	)	Directors
Law Ka Kin	)	

Note: The Group has initially applied HKFRS 16, *Leases*, at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2(c).

The notes on pages 77 to 123 form part of these financial statements.

Consolidated Statement Of Changes In Equity

For the Year Ended 31 March 2020

(Expressed in Hong Kong dollars)

	Share capital $'000 Note 23(b)	Share premium $'000 Note 23(c)	Capital reserve $'000 Note 23(d)	Exchange reserve $'000 Note 23(e)	Accumulated losses $'000	Total equity $'000
At 1 April 2018	2,000	71,988	383	(283)	(17,523)	56,565
Changes in equity for the year ended 31 March 2019:						
Profit for the year	–	–	–	–	5,372	5,372
Other comprehensive income	–	–	–	(134)	–	(134)
Total comprehensive income	–	–	–	(134)	5,372	5,238
At 31 March 2019 and 1 April 2019 (Note)	**2,000**	**71,988**	**383**	**(417)**	**(12,151)**	**61,803**
Changes in equity for the year ended 31 March 2020:						
Loss for the year	**–**	**–**	**–**	**–**	**(5,341)**	**(5,341)**
Other comprehensive income	**–**	**–**	**–**	**21**	**–**	**21**
Total comprehensive income	**–**	**–**	**–**	**21**	**(5,341)**	**(5,320)**
At 31 March 2020	**2,000**	**71,988**	**383**	**(396)**	**(17,492)**	**56,483**

Note: The Group has initially applied HKFRS 16, *Leases*, at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2(c).

The notes on pages 77 to 123 form part of these financial statements.

Consolidated Cash Flow Statement

For the Year Ended 31 March 2020

(Expressed in Hong Kong dollars)

	Note	2020 $'000	2019 (Note) $'000
Operating activities			
Cash (used in)/generated from operations	19(b)	**(4,434)**	5,299
Hong Kong profits tax paid		**–**	(729)
Overseas tax paid		**(463)**	(955)
Net cash (used in)/generated from operating activities		**(4,897)**	3,615
Investing activities			
Payment for the purchase of property, plant and equipment		**(87)**	(112)
Payment for the purchase of intangible assets		**(2,596)**	(830)
Payment for the purchase of financial assets at fair value through profit or loss		**(5,000)**	–
Interest received		**1,234**	989
Decrease/(increase) in deposits with banks		**33,806**	(51,894)
Net cash generated from/(used in) investing activities		**27,357**	(51,847)
Financing activities			
Proceeds from shares issued under initial public offering		**–**	48,627
Payment for listing expenses		**–**	(7,897)
Capital element of lease rentals paid	19(c)	**(235)**	–
Interest element of lease rentals paid	19(c)	**(13)**	–
Net cash (used in)/generated from financing activities		**(248)**	40,730
Net increase/(decrease) in cash and cash equivalents		**22,212**	(7,502)
Cash and cash equivalents at the beginning of the year		**6,423**	13,934
Effect of foreign exchange rate changes		**9**	(9)
Cash and cash equivalents at the end of the year	19(a)	**28,644**	6,423

Note: The Group has initially applied HKFRS 16, *Leases*, at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2(c).

The notes on pages 77 to 123 form part of these financial statements.

1 CORPORATE INFORMATION

Stream Ideas Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is located at Unit 402A, 4/F, Benson Tower, 74 Hung To Road, Kwun Tong, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of online advertising services.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investments in equity securities are stated at their fair value as explained in the accounting policies set out in Note 2(e).

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

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

a New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

HKFRS 16, *Leases* (continued)

b Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in Note 25. For an explanation of how the Group applies lessee accounting. See Note 2(h).

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.125%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

HKFRS 16, *Leases* (continued)

b Lessee accounting and transitional impact (continued)

The following table reconciles the operating lease commitments as disclosed in Note 25 as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019.

	1 April 2019 $'000
Operating lease commitments at 31 March 2019	228
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(126)
	102
Less: total future interest expenses	(3)
Total lease liabilities recognised at 1 April 2019	99

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities at 31 March 2019.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

HKFRS 16, *Leases* (continued)

b Lessee accounting and transitional impact (continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019 $'000	Capitalisation of operating lease contracts $'000	Carrying amount at 1 April 2019 $'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	126	99	225
Total non-current assets	1,372	99	1,471
Lease liabilities (current)	–	99	99
Current liabilities	10,625	99	10,724
Net current assets	60,502	(99)	60,403
Total assets less current liabilities	61,874	–	61,874
Net assets	61,803	–	61,803

c Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported loss from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see Note 19(c)). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement (see Note 19(d)).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries

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

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

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

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

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses (see Note 2(i)(ii)).

(e) Investments in equity securities

The Group's policies for investments in equity securities, other than interests in subsidiaries, are set out below.

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 24(e). These investments are subsequently accounted for as follows, depending on their classification.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(s)(iii).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases over leasehold properties when the Group is not the registered owner of the property interest, is stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

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

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

— Office equipment	$3^1/_3$ years
— Computer equipment	3 years
— Leasehold improvements	3 years
— Furniture and fixtures	4 years

— The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives, being no more than 50 years after the date of completion.

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

(g) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Computer software	3 years

Both the period and method of amortisation are reviewed annually.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(A) Policy applicable from 1 April 2019

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost. Which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

(B) Policy applicable prior to 1 April 2019

In the comparative period, an arrangement, comprising a transaction or a series of transactions, was or contained a lease if the Group determined that the arrangement conveyed a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination was made based on an evaluation of the substance of the arrangement and was regardless of whether the arrangement took the legal form of a lease.

(i) Classification of assets leased to the Group

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

(ii) Operating lease charges

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

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including deposits with bank, cash and cash equivalents and trade and other receivables); and

— contract assets as defined in HKFRS 15 (see Note 2(l)).

Other financial assets measured at fair value, including equity securities measured at FVPL, are not subject to the ECL assessment.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Measurement of ECLs

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

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

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

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

ECLs are measured on either of the following bases:

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

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

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

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

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

Basis of calculation of interest income

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Basis of calculation of interest income (continued)

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

— significant financial difficulties of the debtor;

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

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

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

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

Write-off policy

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

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

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment (including right-of-use assets), intangible assets and interests in subsidiaries in the Company’s statement of financial position may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Impairment of other non-current assets (continued)

— *Calculation of recoverable amount*

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

— *Recognition of impairment losses*

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

— *Reversals of impairment losses*

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

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

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(l)).

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

(l) Contract assets and contract liabilities

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

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

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

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

(m) Trade and other payables

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

(n) Cash and cash equivalents

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits

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

(p) Income tax

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

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

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available. Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

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

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

— the same taxable entity; or

— different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Provisions and contingent liabilities

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

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

(r) Membership point programme

The Group operates a JAG membership point programme (the "Programme"). Members of the Programme accumulate points by completing missions related to the advertising campaigns held by the Group or Group's customers. Points accumulated by the members can be redeemed for rewards, such as coupons and gifts.

The Group estimates the unit fair value of points and uses this estimate to make a provision for the estimated cost to the Group of points accumulated under the Programme on which the estimation involves judgement and a number of assumptions arising from the redemption of points, including estimated costs of purchase of inventories to be used for settlement of points redeemed and estimated future redemption pattern.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue and other income

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

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

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

(i) Sale of online advertising services

Sales of the Group's online advertising services are recognised as follows:

Revenue is recognised when the control of such services is transferred to the customer, which was taken to be point in time. The contract asset (either partially or in full) is reclassified to receivables when the entitlement to payment for that amount has become unconditional (see Note 2(l)). If the services are a partial fulfilment of a contract covering other services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the services promised under the contract on a relative stand-alone selling price basis.

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(iii) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(t) Translation of foreign currencies

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies (continued)

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Segment reporting

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

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

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

(i) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision of matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various debtors that have similar loss patterns. The provision matrix is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. The information about the ECLs and the Group's contract assets and trade receivables are disclosed in Notes 18 and 17 respectively. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(ii) Estimation of point provision

The estimation of the unit fair value of points involves judgement on a number of assumptions arising from the redemption of points, including estimated costs of purchase of inventories to be used for settlement of points redeemed and estimated future redemption pattern. As the redemption pattern is continually changing as a result of change in members' preference, it is possible that the historical experience that is used in estimation is not indicative of estimated future redemption pattern. Any increase or decrease in the provision would affect profit or loss in the future years.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activity of the Group is the provision of online advertising services.

Revenue represents online advertising services income. All of the revenue for the year ended 31 March 2019 and 2020 is recognised in accordance with HKFRS 15.

The Group has one reportable segment which is the provision of online advertising services. The Group's chief operating decision maker, which has been identified as the board of directors, reviews the consolidated results of the Group for the purposes of resource allocation and performance assessment. Therefore, no additional reportable segment information has been presented.

The Group's customer base is diversified and includes nil (2019: nil) customer with whom transactions had exceeded 10 percent of the Group's revenue. Details of concentrations of credit risk arising from customers are set out in Note 24(a).

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for online advertising services to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date with performance obligation being part of a contract that has an original expected duration of one year or less.

(b) Segment reporting

Geographic information

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

	Revenue from external customers		Specified non-current assets	
	2020	2019	**2020**	2019 (Note)
	$'000	$'000	**$'000**	$'000
Hong Kong	**14,665**	14,428	**3,165**	905
Taiwan	**7,572**	10,439	**25**	7
Southeast Asia	**2,670**	3,307	**17**	9
	24,907	28,174	**3,207**	921

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 2(c).

5 OTHER INCOME

	2020 $'000	2019 $'000
Interest income	**1,218**	911
Fair value gain on financial assets at fair value through profit or loss	**126**	–
Sundry income	**1**	5
	1,345	916

6 (LOSS)/PROFIT BEFORE TAXATION

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

	2020 $'000	2019 $'000
(a) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**13,734**	6,463
Contributions to defined contribution retirement plans (Notes (i) and (ii))	**466**	289
	14,200	6,752

Notes:

(i) The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject a cap of monthly relevant income of $30,000. Contributions to the plan vest immediately.

(ii) The Group also operates a defined contribution retirement benefit scheme under the Labour Pension Act (the "Act") for its employees employed by the Group's operation in Taiwan. Based on the Act, the Group's monthly contribution to individual pension accounts of employees covered by the defined contribution plan is at 6% of monthly salaries and wages. The funds are deposited in individual labour pension accounts at the Bureau of Labour Insurance.

(iii) The Group has no other material obligation for the payment of retirement benefits beyond the annual contribution described above.

6 (LOSS)/PROFIT BEFORE TAXATION (continued)

	2020 $'000	2019 $'000
(b) Other items		
Depreciation charge (Note 12)		
— owned property, plant and equipment*	**77**	48
— right-of-use assets*	**221**	–
	298	48
Amortisation cost of intangible assets (Note 13)	**634**	101
Impairment loss on trade receivables (Note 24(a))	**98**	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17*	**–**	428
Auditors' remuneration		
— audit services	**880**	963
— other services	**221**	280
Net foreign exchange loss	**337**	37

* The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See Note 2(c).

	2020 $'000	2019 (Note) $'000
(c) Finance costs		
Interest on lease liabilities (Note 19(c))	**13**	–

Note:

The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 2(c).

7 INCOME TAX

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

	2020 $'000	2019 $'000
Current tax — Hong Kong		
Provision for the year	–	34
Under-provision in respect of prior years	–	47
	–	81
Current tax — Overseas		
Provision for the year	13	671
Under/(over)-provision in respect of prior years	46	(29)
	59	642
Deferred tax		
Origination and reversal of temporary differences	(132)	284
	(73)	1,007

Notes:

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

(ii) The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first $2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2019.

The provision for Hong Kong Profits Tax for 2020 has also taken into account a reduction granted by the Hong Kong Government of 75% of the tax payable for the year of assessment 2019-20 subject to a maximum reduction of $20,000 for each business (2019: a maximum reduction of $20,000 was granted for the year of assessment 2018-19 and was taken into account in calculating the provision for 2019).

(iii) In accordance with the relevant Taiwan rules and regulations, the Taiwan Corporate Income Tax rate applicable to the Group's subsidiary in Taiwan is 20% for the year ended 31 March 2020 (2019: 20%).

(iv) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

7 INCOME TAX (continued)

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

	2020 $'000	2019 $'000
(Loss)/profit before taxation	**(5,414)**	6,379
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the countries concerned	**(1,036)**	1,071
Effect of non-deductible expenses	**104**	66
Effect of non-taxable income	**(229)**	(128)
Statutory tax concession	**–**	(20)
Tax effect of unused tax losses not recognised	**1,042**	–
Under-provision in prior years	**46**	18
Actual tax (credit)/expense	**(73)**	1,007

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

(i) Current taxation

	2020 $'000	2019 $'000
Provision for Hong Kong Profits Tax for the year	**–**	34
Provisional Profits Tax paid	**–**	(743)
	–	(709)
Balance of Profits Tax provision relating to prior years	**(709)**	–
	(709)	(709)
Provision for corporate income tax in other countries	**13**	671
Provision for corporate income tax in other countries paid	**(340)**	(594)
	(327)	77
	(1,036)	(632)

(ii) Reconciliation to the consolidated statement of financial position

	2020 $'000	2019 $'000
Tax recoverable	**(1,036)**	(709)
Tax payable	**–**	77
	(1,036)	(632)

7 INCOME TAX (continued)

(d) Deferred tax assets/(liabilities) recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the years are as follows:

Deferred tax assets/(liabilities) arising from:	Point provision $'000	Provision for sales rebate $'000	Tax losses $'000	Intangible assets $'000	Others $'000	Total $'000
At 1 April 2018	441	207	48	–	–	696
Credited/(debited) to profit or loss	29	(88)	(45)	(71)	(109)	(284)
Exchange adjustments	(21)	(9)	(3)	–	1	(32)
At 31 March 2019 and 1 April 2019	449	110	–	(71)	(108)	380
(Debited)/credited to profit or loss	–	(10)	235	(156)	63	132
Exchange adjustments	2	–	–	–	–	2
At 31 March 2020	451	100	235	(227)	(45)	514

(e) Reconciliation to the consolidated statement of financial position

	2020 $'000	2019 $'000
Net deferred tax asset recognised in the consolidated statement of financial position	**514**	451
Net deferred tax liability recognised in the consolidated statement of financial position	**–**	(71)
	514	380

(f) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of $5,118,000 (2019: Nil) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Except for tax loss of the Group's subsidiaries of $1,135,000 which will expire within three to five years, the tax losses do not expire under current tax legislation.

8 DIRECTORS' EMOLUMENTS

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

	Year ended 31 March 2020				
	Directors fee $'000	**Discretionary bonus $'000**	**Salaries, allowances and benefits in kind $'000**	**Retirement scheme contributions $'000**	**Total $'000**
Executive directors					
Mr. Law Ka Kin	**180**	**–**	**1,108**	**18**	**1,306**
Ms. Cheung Lee	**180**	**200**	**1,102**	**18**	**1,500**
Mr. Lee Wing Leung, Garlos	**180**	**600**	**1,102**	**18**	**1,900**
Mr. Leung Wai Lun	**150**	**1,765**	**552**	**18**	**2,485**
Independent non-executive directors					
Mr. Kwan Chi Hong	**96**	**–**	**–**	**–**	**96**
Mr. Fenn David	**96**	**–**	**–**	**–**	**96**
Mr. Ho Ho Tung Armen	**96**	**–**	**–**	**–**	**96**
	978	**2,565**	**3,864**	**72**	**7,479**

	Year ended 31 March 2019				
	Directors fee $'000	Discretionary bonus $'000	Salaries, allowances and benefits in kind $'000	Retirement scheme contributions $'000	Total $'000
Executive directors					
Mr. Law Ka Kin	180	–	451	18	649
Ms. Cheung Lee	180	–	442	18	640
Mr. Lee Wing Leung, Garlos	180	–	442	18	640
Mr. Leung Wai Lun	152	–	360	17	529
Independent non-executive directors					
Mr. Kwan Chi Hong	97	–	–	–	97
Mr. Fenn David	97	–	–	–	97
Mr. Ho Ho Tung Armen	97	–	–	–	97
	983	–	1,695	71	2,749

Certain directors of the Company received emoluments from the subsidiaries now comprising the Group which was included in the staff costs as disclosed in Note 6(a).

8 DIRECTORS' EMOLUMENTS (continued)

No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2020 and 2019. No director waived or agreed to waive any emoluments during the years ended 31 March 2020 and 2019.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five highest paid individuals of the Group, four (2019: three) of these are directors, whose emoluments are disclosed in Note 8. The emoluments in respect of the remaining one (2019: two) individual(s) are as follows:

	2020 $'000	2019 $'000
Salaries, allowances and benefits in kind	**546**	1,175
Discretionary bonuses	**655**	–
Retirement scheme contributions	**16**	36
	1,217	1,211

The emoluments of the aforesaid one (2019: two) individual(s) with the highest emoluments are within the following bands:

	2020 Number of individuals	2019 Number of individuals
Nil to $1,000,000	**–**	2
$1,000,000–$1,500,000	**1**	–

10 DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2020 and 2019.

11 (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

The calculation of the basic (losses)/earnings per share is based on the (loss)/profit for the year attributable to equity shareholders of the Company of loss of $5,341,000 (2019: profit of $5,372,000) and the weighted average of 200,000,000 ordinary shares (2019: weighted average of 200,000,000 ordinary shares) in issue during the year.

(b) Diluted (losses)/earnings per share

During the year ended 31 March 2020 and 2019, there was no dilutive potential ordinary shares in issue.

The amount of dilutive (losses)/earnings per share is the same as basic (losses)/earnings per share for the years ended 31 March 2020 and 2019.

12 PROPERTY, PLANT AND EQUIPMENT

	Office equipment $'000	Computer equipment $'000	Leasehold improvements $'000	Furniture and fixtures $'000	Properties leased for own use $'000	Total $'000
Cost						
At 1 April 2018	12	167	63	25	–	267
Additions	13	83	1	15	–	112
Write-off	–	–	–	(2)	–	(2)
At 31 March 2019	25	250	64	38	–	377
At 31 March 2019	25	250	64	38	–	377
Impact on initial application of HKFRS 16 (Note)	–	–	–	–	99	99
At 1 April 2019	25	250	64	38	99	476
Additions	–	75	3	9	436	523
Write-off	–	–	–	(4)	–	(4)
At 31 March 2020	25	325	67	43	535	995
Accumulated depreciation:						
At 1 April 2018	11	158	11	25	–	205
Charge for the year	3	21	21	3	–	48
Write-off	–	–	–	(2)	–	(2)
At 31 March 2019	14	179	32	26	–	251
At 1 April 2019	14	179	32	26	–	251
Charge for the year	3	47	22	5	221	298
Write-off	–	–	–	(4)	–	(4)
At 31 March 2020	17	226	54	27	221	545
Net book value:						
At 31 March 2020	8	99	13	16	314	450
At 31 March 2019	11	71	32	12	–	126

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 2(c).

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 March 2020 $'000	1 April 2019 $'000
Properties leased for own use carried at depreciated cost	**314**	99

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 $'000	2019 (Note) $'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use carried at depreciated cost	**221**	–
Interest on lease liabilities (Note 6(c))	**13**	–
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 March 2020	**173**	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	428

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See Note 2(c).

During the year, additions to right-of-use assets were $436,000. This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 19(d) and 21 respectively.

The Group has obtained the right to use properties as its offices through tenancy agreements. The leases typically run for an initial period of 1 to 2 years. None of the leases includes variable lease payments.

13 INTANGIBLE ASSETS

	Computer software $'000
Cost:	
At 1 April 2018	68
Addition	830
At 31 March 2019	898
At 1 April 2019	898
Addition	2,596
At 31 March 2020	3,494
Accumulated amortisation:	
At 1 April 2018	2
Charge for the year	101
At 31 March 2019	103
At 1 April 2019	103
Charge for the year	634
At 31 March 2020	737
Net book value:	
At 31 March 2020	2,757
At 31 March 2019	795

The amortisation charge for the year is included in "cost of services" in the consolidated statement of profit or loss and other comprehensive income.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 $'000
Investment in Asia Interactive Content Holdings Limited	**5,126**

Financial assets at fair value through profit or loss as at 31 March 2020 represent the 1.6026% equity interest (the "Sale Shares") of Asia Interactive Content Holdings Limited ("Asia Interactive"). The principal business activity of Asia Interactive and its subsidiaries is to provide marketing agency services, including brand building, digital and social media marketing, video production, online and offline strategies and event management.

On 24 October 2019, Creative Mind Limited, a wholly-owned subsidiary of the Company, entered into a share purchase agreement with, among others, Cyber Credit Technology (Hong Kong) Limited, as the seller of the Sale Shares, for the purchase of 1.6026% of shareholdings in Asia Interactive at a consideration of $5,000,000. The transaction was completed as all the conditions had been fulfilled or waived on 30 October 2019. During the year ended 31 March 2020, fair value gain of $126,000 was recognised in profit or loss.

15 INTERESTS IN SUBSIDIARIES

	2020 $'000	2019 $'000
Investment, at cost	**384**	384
Amounts due from subsidiaries (Note)	**25,588**	13,567
	25,972	13,951

Note: The amounts due from subsidiaries are unsecured, non-interest bearing and has no fixed terms of repayment. In the opinion of the directors, the amounts will not be recoverable within twelve months from the end of the reporting period and are classified as non-current assets accordingly.

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

			Proportion of ownership interest			
Name of company	**Place of incorporation/ establishment**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
JAG Ideas (Malaysia) Sdn. Bhd.	Malaysia	50,000 shares of Malaysian Ringgit ("MYR") 1 each	100%	–	100%	Provision of online advertisement services
JAG Ideas (Taiwan) Limited	Hong Kong	9,000 shares	100%	–	100%	Provision of online advertisement services
JAG Ideas Company Limited	Hong Kong	9,000 shares	100%	–	100%	Provision of online advertisement services
Creative Mind Limited	British Virgin Islands	100 shares of United States dollar ("USD") 1 each	100%	–	100%	Investment holding

16 INVENTORIES

Inventories in the consolidated statement of financial position represent coupons and gifts for redemption.

17 TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Trade receivables, net of loss allowance	**7,041**	8,384
Deposits, prepayments and other receivables	**1,306**	1,738
	8,347	10,122

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Included in trade and other receivables, $7,334,000 (2019: $8,794,000) are financial assets measured at amortised cost.

Ageing analysis

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

	2020 $'000	2019 $'000
Within 30 days	**1,867**	2,590
31 to 60 days	**1,331**	1,907
61 to 90 days	**1,186**	1,304
91 to 180 days	**1,584**	1,989
Over 180 days	**1,073**	594
	7,041	8,384

Trade receivables are normally due within 60 to 130 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 24(a).

18 CONTRACT ASSETS

	2020 $'000	2019 $'000
Contract assets		
Arising from performance under online advertising service contracts	**643**	1,341
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (Note 17)	**7,041**	8,384

Typical payment terms which impact on the amount of contract assets recognised are as follows:

— **Online advertising service contracts**

The consideration of online advertising service contracts is payable on the earlier of the completion of the whole contract and notice from the customer to cancel the contract. If the customer cancels the contract then the Group is immediately entitled to receive payment for work done to date.

All of the contract assets are expected to be recovered within one year.

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2020 $'000	2019 $'000
Cash at bank and on hand	**6,927**	6,423
Time deposits	**21,717**	–
	28,644	6,423

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

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

	Note	2020 $'000	2019 (Note) $'000
(Loss)/profit before taxation		**(5,414)**	6,379
Adjustments for:			
Depreciation charge	6(b)	**298**	48
Amortisation cost of intangible assets	6(b)	**634**	101
Interest income	5	**(1,218)**	(911)
Fair value gain on financial assets at fair value through profit or loss	5	**(126)**	–
Exchange loss/(gain), net		**22**	(101)
Reversal of point provision	20(ii)	**(664)**	(516)
Impairment loss on trade receivables	6(b)	**98**	–
Finance costs	6(c)	**13**	–
Changes in working capital:			
Increase in inventories		**(78)**	(9)
Decrease/(increase) in trade and other receivables		**1,659**	(1,041)
Increase in trade and other payables		**17**	2,042
Decrease/(increase) in contract assets		**698**	(556)
Decrease in contract liabilities		**(373)**	(137)
Cash (used in)/generated from operations		**(4,434)**	5,299

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets and lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Previously, cash payments under operating leases made by the Group as a lessee of $428,000 were classified as operating activities in the consolidated cash flow statement. Under HKFRS 16, except for short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of lease liabilities, all other rentals paid on leases are now split into capital element and interest element (see Note 19(c)) and classified as financing cash outflows. Under the modified retrospective approach, the comparative information is not restated. Further details on the impact of the transition to HKFRS 16 are set out in Note 2(c).

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities arising from financing activities:

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

	Lease liabilities $'000 (Note 21)
At 1 April 2018 and 31 March 2019	–
Impact on initial application of HKFRS 16 (Note)	99
At 1 April 2019	99
Changes from financing cash flows:	
Capital element of lease rentals paid	(235)
Interest element of lease rentals paid	(13)
Total changes from financing cash flows	(248)
Other changes:	
Increase in lease liabilities from entering into new leases	436
Interest expenses (Note 6(c))	13
Effect of foreign exchange rate changes	1
Total other changes	450
As at 31 March 2020	301

Note: The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balance at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. See Note 2(c).

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(d) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2020 HK$'000	2019 (Note) HK$'000
Within operating cash flows	**173**	428
Within financing cash flows	**248**	–
	421	428

Note: As explained in the Note 19(b), the adoption of HKFRS 16 introduces a change in classification of cash flows of certain rentals paid on leases. The comparative amounts have not been restated.

These amounts of $421,000 (2019: $428,000) relate to lease rentals paid.

20 TRADE AND OTHER PAYABLES

	2020 $'000	2019 $'000
Point provision (Note (ii))	**7,375**	7,517
Other payables and accruals	**1,641**	2,137
	9,016	9,654

Notes:

(i) All trade and other payables are expected to be settled within one year. Included in trade and other payables, $1,641,000 (2019: $2,137,000) are financial liabilities measured at amortised cost.

(ii) The point provision is analysed as follows:

	2020 $'000	2019 $'000
Balance at beginning of the year	**7,517**	6,975
Exchange adjustments	**(22)**	(114)
Distribution for the year	**8,324**	9,301
Redemption during the year	**(7,780)**	(8,129)
Reversal during the year	**(664)**	(516)
	7,375	7,517

A provision for points accumulated under the advertising campaigns held by the Group or the Group's customers is recognised when members have completed missions related to the advertising campaigns. Points accumulated by the members can be redeemed for the Group's inventories. Provision is therefore made for the best estimate of the cost arising from the redemption of points. Reversal represents reversal of provision in relation to points which is not probable that an outflow of economic benefits will be required to settle the obligation. It is recognised in profit or loss as a reduction to the cost of services.

21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	31 March 2020		1 April 2019 (Note)		31 March 2019 (Note)	
	Present value of the minimum lease payments $'000	**Total minimum lease payments $'000**	Present value of the minimum lease payments $'000	Total minimum lease payments $'000	Present value of the minimum lease payments $'000	Total minimum lease payments $'000
Within 1 year	**207**	**217**	99	102	–	–
After 1 year but within 2 years	**94**	**95**	–	–	–	–
	301	**312**	99	102	–	–
Less: total future interest expenses		**(11)**		(3)		–
Present value of lease liabilities		**301**		99		–

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 March 2019 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in Note 2(c).

22 CONTRACT LIABILITIES

	2020 $'000	2019 $'000
Contract liabilities		
Online advertising service contracts		
— Provision for volume sales rebates	**501**	853
— Sales deposits received	**20**	41
	521	894

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

— **Online advertising service contracts**

Certain customers are entitled to volume rebates based on aggregate sales over a 12-month period. Revenue from sales to these customers is recognised based on the price specified in the contract net of estimated volume rebates. Accumulated experience is used to estimate and provide for the rebates and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected volume rebate payable to the customers in relation to sales made throughout the reporting period.

The Group receives 50% of the contract value as a deposit from certain customers when they sign the service contracts. This deposit is recognised as a contract liability until the service contract is completed. The rest of the consideration is typically paid after the completion of the whole service contract.

22 CONTRACT LIABILITIES (continued)

Movements in contract liabilities

	2020 $'000	2019 $'000
Balance at 1 April	**894**	1,031
Decrease in contract liabilities as a result of utilisation of provision for volume sales related during the year	**(796)**	(972)
Increase in contract liabilities as a result of increase in expected volume sales rebates during the year	**444**	794
Increase in contract liabilities as a result of receiving sales deposits during the year	**20**	41
Decrease in contract liabilities as a result of utilising sales deposits during the year	**(41)**	–
Balance at 31 March	**521**	894

23 CAPITAL AND RESERVES

(a) Movements in components of equity

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

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

	Share capital $'000 (Note 23(b))	Share premium $'000 (Note 23(c))	Capital reserve $'000 (Note 23(d))	Accumulated loss $'000	Total equity $'000
Balance at 31 March 2018	2,000	71,988	383	(16,205)	58,166
Changes in equity for the period ended 31 March 2019:					
Profit for the year	–	–	–	687	687
Balance at 31 March 2019	2,000	71,988	383	(15,518)	58,853

	Share capital **$'000** **(Note 23(b))**	**Share premium** **$'000** **(Note 23(c))**	**Capital reserve** **$'000** **(Note 23(d))**	**Accumulated loss** **$'000**	**Total equity** **$'000**
Balance at 1 April 2019	**2,000**	**71,988**	**383**	**(15,518)**	**58,853**
Changes in equity for the year ended 31 March 2020:					
Profit for the year	**–**	**–**	**–**	**1,105**	**1,105**
Balance at 31 March 2020	**2,000**	**71,988**	**383**	**(14,413)**	**59,958**

23 CAPITAL AND RESERVES (continued)

(b) Share capital

	Number of Shares '000	$'000
Authorised		
At 31 March 2019, 1 April 2019 and 31 March 2020	10,000,000	100,000
Ordinary shares, issued and fully paid		
At 31 March 2019, 1 April 2019 and 31 March 2020	200,000	2,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Share premium

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

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

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

(d) Capital reserve

The capital reserve represents the difference between the amount of the Company's shares issued and the net assets of JAG Ideas Holding Company Limited acquired under a group reorganisation.

(e) Exchange reserve

The reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiaries with functional currencies other than Hong Kong dollars. The reserve is dealt with in accordance with the accounting policies set out in Note 2(t).

23 CAPITAL AND RESERVES (continued)

(f) Capital management

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

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

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to serve its debt obligations. The ratio of the Group's total liabilities over its total assets as at 31 March 2020 and 1 April 2019, the date of transition to HKFRS 16, were 15% and 15% respectively (31 March 2019: 15%).

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

(g) Distributable reserves

At 31 March 2020, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately $57,958,000 (2019: $56,853,000).

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

(a) Credit risk

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

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 13% (2019: 8%) and 38% (2019: 23%) of the total trade receivables and contract assets was due from the Group's largest customer and the five largest customers respectively within the online advertising service segment.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 60 to 130 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates different loss patterns for different customer segments, the loss allowance is calculated based on days past due from various customer segments which are grouped with similar patterns (i.e. by geographic region and customer type).

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	2020				
	Gross carrying amount $'000	**Provision on individual basis $'000**	**ECL rates**	**ECLs $'000**	**Loss allowance $'000**
Contract assets	**643**	**–**	**0.1%**	**–**	**–**
Current (not past due)	**3,640**	**–**	**0.1%**	**(4)**	**(4)**
1–180 days past due	**2,674**	**–**	**0.2%**	**(4)**	**(4)**
181–365 days past due	**741**	**(19)**	**1.2%**	**(9)**	**(28)**
366–549 days past due	**47**	**(13)**	**36.8%**	**(12)**	**(25)**
Over 550 days past due	**37**	**(37)**	**100.0%**	**–**	**(37)**
	7,782	**(69)**		**(29)**	**(98)**

Based on the Group's historical credit loss experience and assessment of both the current and forecast economic conditions at 31 March 2019, the Group considered that ECLs recognised for the year ended 31 March 2019 were not significant, and no expected credit loss rate has therefore been disclosed.

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

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Trade receivables and contract assets (continued)

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	$'000
Balance at 1 April 2019	–
Impairment losses recognised during the year	98
Balance at 31 March 2020	98

An increase in days past due over 180 days resulted in an increase in loss allowance of $90,000.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table shows the remaining contractual maturities of non-derivative financial liabilities as at 31 March 2020 and 2019 of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at 31 March 2020 and 2019) and the earliest date the Group can be required to pay:

	At 31 March 2020			
	Carrying amount $'000	**Total contractual undiscounted cash flow $'000**	**Within 1 year or on demand $'000**	**More than 1 year but less than 2 years $'000**
Trade and other payables	**1,641**	**1,641**	**1,641**	**–**
Lease liabilities (Note)	**301**	**312**	**217**	**95**
	1,942	**1,953**	**1,858**	**95**

	At 31 March 2019			
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000
Trade and other payables	2,137	2,137	2,137	–

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Other lease liabilities include amounts recognised at the date of transition to HKFRS 16 in respect of leases previously classified as operating leases under HKAS 17 and amounts relating to new leases entered into during the year. Under this approach, the comparative information is not restated. See Note 2(c).

(c) Interest rate risk

As at 31 March 2020 and 2019, the Group is not exposed to any significant interest rate risk.

(d) Foreign currency risk

The functional currency and reporting currency for the Company and its subsidiaries is Hong Kong dollar, except that the functional currencies of certain subsidiaries are New Taiwan dollar, MYR, Singapore dollar, Philippine peso and Indonesian rupiah.

As at 31 March 2020 and 2019, the Group was not exposed to any significant currency risk.

(e) Fair value measurement

Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team performing valuations for the investment in Asia Interactive at fair value through profit or loss which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the financial controller. A valuation report with analysis of changes in fair value measurement is prepared by the team at the end of each reporting period and is reviewed and approved by the financial controller.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

Financial assets measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 March 2020	Fair value measurement at 31 March 2020 categorised into		
		Lever 1	**Lever 2**	**Lever 3**
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Assets				
Investment in Asia Interactive	5,126	–	–	5,126

During the year ended 31 March 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which it occurs.

There were no financial assets and liabilities measured at fair value as at 31 March 2019.

Information about Level 3 fair value measurements

	Valuation technique	**Significant unobservable inputs**	%
Investment in Asia Interactive	Market comparable companies	Discount for lack of marketability	25

The fair value of investment in Asia Interactive is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 March 2020, it is estimated that with all other variables held constant, an increase/decrease in discount for lack of marketability by 5% would have increased/decreased the Group's loss for the year by $342,000.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2020 and 2019 because of the immediate or short-term maturity of the financial instruments.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

Financial assets measured at fair value (continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2020 $'000
Investment in Asia Interactive:	
At 1 April 2019	–
Purchase of investment	5,000
Fair value adjustment	126
At 31 March 2020	5,126

Fair value adjustment of financial assets at fair value through profit or loss is recognised in the line item "other income" on the face of the consolidated statement of profit or loss and other comprehensive income.

All the gains recognised in profit or loss for the year arise from the financial assets at fair value through profit or loss held at the end of the reporting period.

25 COMMITMENTS

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

	Properties $'000
Within 1 year	208
After 1 year but within 5 years	20
	228

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see Note 2(c)). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in Note 2(h), and the details regarding the Group's future lease payments are disclosed in Note 21.

26 MATERIAL RELATED PARTY TRANSACTIONS

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

For the years ended 31 March 2020 and 2019, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Ms. Ng Ka Po	Spouse of Mr. Lee Wing Leung, Garlos

(a) Transactions with key management personnel

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

(b) Transactions with other related parties

The Group entered into the following material related party transactions:

	2020 **$'000**
Staff remuneration to Ms. Ng Ka Po	**711**

27 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Note	**2020** **$'000**	2019 $'000
Non-current assets			
Interests in subsidiaries	15	**25,972**	13,951
Current assets			
Other receivables		**173**	561
Deposits with bank		**18,088**	51,894
Cash and cash equivalents		**22,026**	1,144
		40,287	53,599
Current liabilities			
Amount due to a subsidiary		**6,301**	8,697
Net current assets		**33,986**	44,902
NET ASSETS		**59,958**	58,853
CAPITAL AND RESERVES			
Share capital	23(b)	**2,000**	2,000
Reserves		**57,958**	56,853
TOTAL EQUITY		**59,958**	58,853

(Expressed in Hong Kong dollars unless otherwise indicated)

28 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 12 June 2020, the Company has subscribed for a wealth management product from UBS AG in the amount of USD2 million. The wealth management product will be invested in investment instruments (such as liquidity, bonds and equities). The portfolio does not include hedge funds, real estate and commodities. The subscription amount has been settled in cash in one lump sum.

29 COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 2(c).

30 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors consider the immediate parent of the Group to be JAG United Company Limited which is incorporated in the BVI and the ultimate controlling party of the Group to be the controlling shareholders of the Company. None of the parties produces financial statements available for public use.

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 March 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Definition of a business*	1 January 2020
Amendments to HKAS 1 and HKAS 8, *Definition of material*	1 January 2020

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published financial statements and the Prospectus is set out below:

	Year ended 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**24,907**	28,174	28,940	26,342	21,768
(Loss)/profit before taxation	**(5,414)**	6,379	(24,380)	14,753	9,657
Income tax credit/(expense)	**73**	(1,007)	(1,913)	(2,493)	(1,648)
(Loss)/profit for the year attributable to owners of the Company	**(5,341)**	5,372	(26,293)	12,260	8,009
ASSETS AND LIABILITIES					
Non-current assets	**8,847**	1,372	824	570	497
Current assets	**57,474**	71,127	73,344	17,218	11,073
Non-current liabilities	**(94)**	(71)	–	–	(34)
Current liabilities	**(9,744)**	(10,625)	(17,603)	(8,666)	(9,206)
Net assets	**56,483**	61,803	56,565	9,122	2,330
Equity attributable to owners of the Company:					
Share capital	**2,000**	2,000	2,000	384	403
Reserves	**54,483**	59,803	54,565	8,738	1,927
Total equity	**56,483**	61,803	56,565	9,122	2,330

The financial information for the years ended 31 March 2017 and 2016 were extracted from the Prospectus of the Company dated 16 March 2018. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in Note 2 to the financial statements.