

Stream Ideas Group Limited

源想集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8401)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

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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 announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of directors of the Company (the “**Board**”) is pleased to present the consolidated results of the Group for the year ended 31 March 2020 (the “**Relevant Year**”), together with the comparative figures for the year ended 31 March 2019 (the “**Previous Year**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

		2020	2019
	Note	HK\$'000	(Note) HK\$'000
Revenue	4	24,907	28,174
Cost of services		<u>(11,559)</u>	<u>(9,274)</u>
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		<u>(14,201)</u>	<u>(9,661)</u>
(Loss)/profit from operations		(5,401)	6,379
Finance costs	6(c)	<u>(13)</u>	<u>–</u>
(Loss)/profit before taxation	6	(5,414)	6,379
Income tax	7	<u>73</u>	<u>(1,007)</u>
(Loss)/profit for the year		(5,341)	5,372
Other comprehensive income, net of tax			
<i>Item that may be reclassified subsequently to profit or loss (nil of tax effect):</i>			
Foreign currency translation differences for foreign operations		<u>21</u>	<u>(134)</u>
Total comprehensive income for the year		<u>(5,320)</u>	<u>5,238</u>
(Losses)/earnings per share	8		
— Basic		<u>\$ (0.03)</u>	<u>\$ 0.03</u>
— Diluted		<u>\$ (0.03)</u>	<u>\$ 0.03</u>

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 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>(Note)</i> <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		450	126
Intangible assets		2,757	795
Financial assets at fair value through profit or loss		5,126	–
Deferred tax assets		514	451
		8,847	1,372
Current assets			
Inventories		716	638
Trade and other receivables	10	8,347	10,122
Contract assets		643	1,341
Tax recoverable		1,036	709
Deposits with bank		18,088	51,894
Cash and cash equivalents		28,644	6,423
		57,474	71,127
Current liabilities			
Trade and other payables	11	9,016	9,654
Lease liabilities		207	–
Contract liabilities		521	894
Tax payable		–	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		94	–
Deferred tax liabilities		–	71
		94	71
NET ASSETS		56,483	61,803
CAPITAL AND RESERVES			
Share capital		2,000	2,000
Reserves		54,483	59,803
TOTAL EQUITY		56,483	61,803

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 3.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
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 3.

NOTES TO THE ANNOUNCEMENT

1. GENERAL INFORMATION

Stream Ideas Group Limited 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. STATEMENT OF COMPLIANCE

The consolidated annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2020 but are extracted from those financial statements.

The Group's consolidated 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 GEM Listing Rules.

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 3 below 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 the Group's consolidated financial statements.

3. CHANGE 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.

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.

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.

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

1 April 2019

HK\$'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.

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 <i>HK\$'000</i>	Capitalisation of operating lease contracts <i>HK\$'000</i>	Carrying amount at 1 April 2019 <i>HK\$'000</i>
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. 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.

4. REVENUE AND SEGMENT REPORTING

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.

5. OTHER INCOME

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

6. (LOSS)/PROFIT BEFORE TAXATION

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

	2020 HK\$'000	2019 HK\$'000
(a) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	13,734	6,463
Contributions to defined contribution retirement plans	466	289
	<u>14,200</u>	<u>6,752</u>
(b) Other items		
Depreciation charge		
— owned property, plant and equipment*	77	48
— right-of-use assets*	221	–
	<u>298</u>	<u>48</u>
Amortisation cost of intangible assets	634	101
Impairment loss on trade receivables	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 3.

2020	2019
HK\$'000	(Note) HK\$'000

(c) Finance costs

Interest on lease liabilities	13	–
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Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

7. INCOME TAX

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

2020	2019
HK\$'000	HK\$'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 HK\$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 HK\$20,000 for each business (2019: a maximum reduction of HK\$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.

8. (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 HK\$5,341,000 (2019: profit of HK\$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.

9. DIVIDEND

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

10. TRADE AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables, net of loss allowance	7,041	8,384
Deposits, prepayments and other receivables	1,306	1,738
	<u>8,347</u>	<u>10,122</u>

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, HK\$7,334,000 (2019: HK\$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 HK\$'000	2019 HK\$'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
	<u>7,041</u>	<u>8,384</u>

Trade receivables are normally due within 60 to 130 days from the date of billing.

11. TRADE AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Point provision (<i>Note</i>)	7,375	7,517
Other payables and accruals	1,641	2,137
	<u>9,016</u>	<u>9,654</u>

Note: 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.

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

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 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.

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.

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.

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).

Contingent Liabilities

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

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.

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 announcement, 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.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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**”) in the CG Code which are adopted by the Company with the exception of the deviations set out below.

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. Cheung Lee, Mr. Law Ka Kin and Mr. Lee Wing Leung Garlos 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).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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.

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 United States dollar 2 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.

DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 March 2020 (2019: Nil).

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. The chairman of the Audit Committee is Mr. Ho Ho Tung Armen, an Independent Non-executive Director, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The Audit Committee has reviewed the consolidated annual financial results and reports, significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function for the year ended 31 March 2020.

ANNUAL GENERAL MEETING (THE “AGM”)

The forthcoming AGM of the Company will be held on Thursday, 10 September 2020 at 9:00 a.m. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 7 September 2020 to Thursday, 10 September 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 4 September 2020.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION

The annual results announcement for the year ended 31 March 2020 is available for viewing on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.stream-ideas.com) respectively. The annual report of the Company for the year ended 31 March 2020 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Stream Ideas Group Limited
Law Ka Kin
Executive Director

Hong Kong, 22 June 2020

As at the date of this announcement, the Board of Directors comprises four executive Directors, namely Ms. Cheung Lee, Mr. Law Ka Kin, Mr. Lee Wing Leung Garlos and Mr. Leung Wai Lun; and three independent non-executive Directors, namely Mr. Kwan Chi Hong, Mr. Fenn David and Mr. Ho Ho Tung Armen.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company’s website at www.stream-ideas.com.