UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **November 30, 2020**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to _______________

Commission File Number: **000-55477**

FINGERMOTION, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-0077155**
(State or other jurisdiction of organization)	(I.R.S. employer identification no.)
1460 Broadway **New York, New York**	**10036**
(Address of principal executive offices)	(Zip code)

(347) 349-5339
(Registrant's telephone number, including area code)

None
(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of the latest practicable date: 36,200,557 shares of common stock outstanding as of January 12, 2021.

FINGERMOTION, INC.
FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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FINGERMOTION, INC.
(fka Property Management Corporation of America)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended November 30, 2020

(Unaudited - Expressed in U.S. Dollars)

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FingerMotion, Inc.
fka Property Management Corp of America
Condensed Consolidated Balance Sheets

	November 30, 2020	February 29, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 989,103	$ 102,919
Accounts receivable	4,044,124	2,661,983
Inventories	1,380	—
Equipment (net of $21,921 and $9,618 depreciation)	111,595	21,339
Intangible assets (net of $248,578 and $200,000 depreciation)	169,492	—
Prepayment and deposit	2,097,210	2,483,411
Other receivables	1,879,232	600,455
Right-of-use asset	125,108	6,671
TOTAL ASSETS	$ 9,417,244	$ 5,876,778
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current Liabilities		
Accounts payable	$ 3,090,261	$ 2,703,754
Accrual and other payables	976,979	1,043,681
Loan payable, current portion	544,900	—
Due to related parties	663,592	1,351,107
Stock subscription payables	2,226,000	—
Convertible notes payable	1,000,000	1,000,000
Note payable	66,000	66,000
Lease liability, current portion	45,874	6,671
	8,613,606	6,171,213
Non-current Liabilities		
Loan payable, non-current portion	1,109,307	—
Lease liability, non-current portion	79,907	—
	1,189,214	—
TOTAL LIABILITIES	$ 9,802,820	$ 6,171,213
SHAREHOLDERS' EQUITY		
Preferred stock, par value $.0001 per share; Authorized 1,000,000 shares; issued and outstanding -0- shares.	—	—
Common Stock, par value $.0001 per share; Authorized 200,000,000 shares; issued and outstanding 36,200,557 shares and 25,847,953 issued and outstanding at November 30, 2020 and February 29, 2020 respectively	3,620	2,585
Additional paid-in capital	9,567,378	7,521,587
Accumulated deficit	(10,074,007)	(7,826,754)
Accumulated other comprehensive income	110,410	3,964
Stockholders' deficit before non-controlling interests	(392,599)	(298,618)
Non-controlling interests	7,023	4,183
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	(385,576)	(294,435)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 9,417,244	$ 5,876,778

FingerMotion, Inc.
fka Property Management Corp of America
Condensed Consolidated Statements of Operations

	Three Months Ended November 30, 2020	Three Months Ended November 30, 2019	Nine Months Ended November 30, 2020	Nine Months Ended November 30, 2019
Revenue	$ 4,881,601	$ 2,692,734	$ 11,245,589	$ 5,665,479
Cost of revenue	(4,261,058)	(2,255,274)	(10,072,216)	(4,939,664)
Gross profit (loss)	620,543	437,460	1,173,373	725,815
Amortization & depreciation	(45,734)	(11,855)	(53,351)	(34,200)
General & administrative expenses	(793,550)	(665,949)	(2,378,566)	(1,876,798)
Marketing Cost	(136,960)	—	(268,216)	—
Research & Development - Big Data	(124,723)	(96,627)	(351,867)	(280,615)
Stock compensation expenses	(201,007)	(227,799)	(272,717)	(889,287)
Total operating expenses	(1,301,974)	(1,002,230)	(3,324,717)	(3,080,900)
Net loss from operations	(681,431)	(564,770)	(2,151,344)	(2,355,085)
Other income (expense):				
Interest income	1,009	334	1,415	1,106
Interest expense	(90,864)	(145)	(184,413)	(4,798)
Exchange rate gain (loss)	171	91	1,200	(1,640)
Written off of goodwill	—	—	—	(8,838)
Other income	65,469	67,797	88,729	93,387
Total other income (expense)	(24,215)	68,077	(93,069)	79,217
Net Loss	$ (705,646)	$ (496,693)	$ (2,244,413)	$ (2,275,868)
Less: Net profit attributable to the non-controlling interest	2,507	—	2,840	—
Net loss attributable to the Company's shareholders	$ (708,153)	$ (496,693)	$ (2,247,253)	$ (2,275,868)
Other comprehensive income:				
Foreign currency translation adjustments	94,707	18,003	106,446	22,737
Comprehensive loss	$ (613,446)	$ (478,690)	$ (2,140,807)	$ (2,253,131)
Less: comprehensive income (loss) attributable to non-controlling interest	315	—	411	—
Comprehensive loss attributable to the Company	$ (613,761)	$ (478,690)	$ (2,141,218)	$ (2,253,131)
NET LOSS PER SHARE				
Loss Per Share - Basic	$ (0.02)	$ (0.02)	$ (0.07)	$ (0.09)
Loss Per Share - Diluted	$ (0.02)	$ (0.02)	$ (0.07)	$ (0.09)
NET LOSS PER SHARE ATTRIBUTABLE TO THE COMPANY				
Loss Per Share - Basic	$ (0.02)	$ (0.02)	$ (0.07)	$ (0.09)
Loss Per Share - Diluted	$ (0.02)	$ (0.02)	$ (0.07)	$ (0.09)

Wgt Ave Common Shares Outstanding - Basic	35,032,380	25,847,953	32,424,218	25,847,953
Wgt Ave Common Shares Outstanding - Diluted	35,032,380	25,834,766	32,424,218	25,532,997

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FingerMotion, Inc.
fka Property Management Corp of America
Condensed Consolidated Statement of Shareholders' Equity

	Common Stock		Capital Paid in Excess of Par Value	Shares to be Issued	Deficit	Accumulated Other Comprehensive	Stockholders'	Non-controlling	
	Shares	Amount		Issued	Accumulated	Income	deficit	interest	Total
Balance at March 1, 2020	25,847,953	2,585	7,521,587	—	(7,826,754)	3,964	(298,618)	4,183	(294,435)
Common stock issued for professional service	8,045,000	804	282,771	—	—	—	283,575	—	283,575
Accumulated other comprehensive income	—	—	—	—	—	(15,874)	(15,874)	—	(15,874)
Net (Loss)	—	—	—	—	(578,077)	—	(578,077)	26	(578,051)
Balance at May 31, 2020	33,892,953	3,389	7,804,358	—	(8,404,831)	(11,910)	(608,994)	4,209	(604,785)
Stock subscribed / (cancelled)	(150,000)	(15)	(14,985)	—	—	—	(15,000)	—	(15,000)
Accumulated other comprehensive income	—	—	—	—	—	27,613	27,613	—	27,613
Net (Loss)	—	—	—	—	(961,023)	—	(961,023)	307	(960,716)
Balance at August 31, 2020	33,742,953	3,374	7,789,373	—	(9,365,854)	15,703	(1,557,404)	4,516	(1,552,888)
Common stock issued for cash	1,683,500	169	1,360,831	—	—	—	1,361,000	—	1,361,000
Common stock issued for professional service	774,104	77	417,174	—	—	—	417,251	—	417,251
Accumulated other comprehensive income	—	—	—	—	—	94,707	94,707	—	94,707
Net (Loss)	—	—	—	—	(708,153)	—	(708,153)	2,507	(705,646)
Balance at November 30, 2020	36,200,557	3,620	9,567,378	—	(10,074,007)	110,410	(392,599)	7,023	(385,576)

Accumulated

	Common Stock Shares	Amount	Capital Paid in Excess of Par Value	Shares to be Issued	Deficit Accumulated	Other Comprehensive Income	Stockholders' deficit	Non-controlling interest	Total
Balance at March 1, 2019	24,763,753	2,476	5,414,897	—	(4,822,389)	(8,952)	586,032	—	586,032
Impact of Adoption of ASU 2016-02, Leases (Topic 842)	—	—	—	—	(485)	—	(485)	—	(485)
Common stock issued for cash	607,200	61	1,137,404	—	—	—	1,137,465	—	1,137,465
Common stock issued for professional service	—	—	234,834	—	—	—	234,834	—	234,834
Accumulated other comprehensive income	—	—	—	—	—	12,726	12,726	—	12,726
Net (Loss)	—	—	—	—	(1,012,626)	—	(1,012,626)	—	(1,012,626)
Balance at May 31, 2019	25,370,953	2,537	6,787,135	—	(5,835,500)	3,774	957,946	—	957,946
Impact of Adoption of ASU 2016-02, Leases (Topic 842)	—	—	—	—	12	—	12	—	12
Common stock issued for cash	51,000	5	127,495	—	—	—	127,500	—	127,500
Common stock issued for professional service	100,000	10	99,990	—	—	—	100,000	—	100,000
Execution of convertible notes	286,000	29	406,971	—	—	—	407,000	—	407,000
Accumulated other comprehensive income	—	—	—	—	—	(7,992)	(7,992)	—	(7,992)
Net (Loss)	—	—	—	—	(766,549)	—	(766,549)	—	(766,549)
Balance at August 31, 2019	25,807,953	2,581	7,421,591	—	(6,602,037)	(4,218)	817,917	—	817,917
Impact of Adoption of ASU 2016-02,	—	—	—	—	1	—	1	—	1

Leases (Topic 842)									
Common stock issued for cash	40,000	4	99,996	—	—	—	100,000	—	100,000
Accumulated other comprehensive income	—	—	—	—	—	18,003	18,003	—	18,003
Net (Loss)	—	—	—	—	(496,694)	—	(496,694)	—	(496,694)
Balance at November 30, 2019	25,847,953	2,585	7,521,587	—	(7,098,730)	13,785	439,227	—	439,227

FingerMotion, Inc.
fka Property Management Corp of America
Condensed Consolidated Statements of Cash Flows

	Nine Months Ended November 30, 2020	Nine Months Ended November 30, 2019
Net (loss)	$ (2,244,413)	$ (2,275,868)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Share based compensation expenses	272,717	817,232
Amortization and depreciation	53,351	4,851
Amortization of right of use assets	18,470	29,349
Written off of goodwill	—	8,838
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,382,141)	(1,461,642)
(Increase) decrease in prepayment and deposit	814,310	(821,236)
(Increase) decrease in other receivable	(1,278,777)	(359,441)
(Increase) decrease in inventories	(1,380)	—
Increase (decrease) in accounts payable	386,507	1,342,326
Increase (decrease) in accrual and other payables	(66,702)	1,808,777
Increase (decrease) in due to related parties	(687,515)	(674,584)
Increase (decrease) in due to lease liability	(17,797)	322
Net Cash provided by (used in) operating activities	(4,133,370)	(1,581,076)
Cash flows from investing activities		
Purchase of equipment	(102,559)	(16,291)
(Increase) in intangible assets	(218,070)	—
Net cash provided by (used in) investing activities	(320,629)	(16,291)
Cash flows from financing activities		
Repayment to notes payable	—	(370,000)
Proceed from loan payable	1,654,207	—
Advances from stock subscription payable	2,226,000	
Common stock issued for cash	1,361,000	1,280,729
Cancellation of shares	(15,000)	—
Net cash provided by (used in) financing activities	5,226,207	910,729
Effect of exchange rates on cash and cash equivalents	113,976	(7,261)
Net change in cash	886,184	(693,899)
Cash at beginning of period	102,919	1,337,245
Cash at end of period	$ 989,103	$ 643,346
Supplemental disclosures of cash flow information:		
Interest paid	$ —	$ —
Taxes paid	$ —	$ —

FINGERMOTION, INC.
Nine months ended November 30, 2020 and 2019
Notes to the Condensed Consolidated Financial Statements

Note 1 – Nature of Business and basis of Presentation

FingerMotion, Inc. fka Property Management Corporation of America (the "Company") was incorporated on January 23, 2014 under the laws of the State of Delaware. The Company then offered management and consulting services to residential and commercial real estate property owners who rent or lease their property to third party tenants.

The Company changed its name to FingerMotion, Inc. on July 13, 2017 after a change in control. In July 2017, the Company acquired all of the outstanding shares of Finger Motion Company Limited ("FMCL"), a Hong Kong corporation that is an information technology company which specialize in operating and publishing mobile games.

Pursuant to the Share Exchange Agreement with FMCL, effective July 13, 2017 (the "Share Exchange Agreement"), the Company agreed to exchange the outstanding equity stock of FMCL held by the FMCL Shareholders for shares of common stock of the Company. At the Closing Date, the Company issued 12,000,000 shares of common stock to the FMCL shareholders. In addition, the Company issued 600,000 shares to other consultants in connection with the transactions contemplated by the Share Exchange Agreement.

The transaction was accounted for as a "reverse acquisition" since, immediately following completion of the transaction, the shareholders of FMCL effectuated control of the post-combination Company. For accounting purposes, FMCL was deemed to be the accounting acquirer in the transaction and, consequently, the transaction is treated as a recapitalization of FMCL (i.e., a capital transaction involving the issuance of shares by the Company for the shares of FMCL). Accordingly, the consolidated assets, liabilities and results of operations of FMCL became the historical financial statements of FingerMotion, Inc. and its subsidiaries, and the Company's assets, liabilities and results of operations were consolidated with FMCL beginning on the acquisition date. No step-up in basis or intangible assets or goodwill were recorded in this transaction.

As a result of the Share Exchange Agreement and the other transactions contemplated thereunder, FMCL became a wholly owned subsidiary of the Company. FMCL, a Hong Kong corporation, was formed in April 6, 2016.

On October 16, 2018, the Company through its indirect wholly-owned subsidiary, Shanghai JiuGe Business Management Co., Ltd. ("JiuGe Management"), entered into a series of agreements known as variable interest agreements (the "VIE Agreements") pursuant to which Shanghai JiuGe Information Technology Co., Ltd. ("JiuGe Technology") became JiuGe Management's contractually controlled affiliate. The use of VIE agreements is a common structure used to acquire PRC corporations, particularly in certain industries in which foreign investment is restricted or forbidden by the PRC government. The VIE Agreements include a Consulting Services Agreement, a Loan Agreement, a Power of Attorney Agreement, a Call Option Agreement, and a Share Pledge Agreement in order to secure the connection and commitments of the JiuGe Technology.

On March 7, 2019, JiuGe Technology also acquired 99% of equity interest of Beijing XunLian ("BX"), a subsidiary that provides bulk distribution of SMS messages for JiuGe customers at discounted rates.

Suzhou BuGuNiao, a 99% owned subsidiary of JiuGe Technology, was set up in July 2020 with the key objective to continuing embarking with our research and development strategy with our focus to strengthen our ongoing effort in the online space. This Studio will be based in Suzhou, China. We will be tabling a full plan in the next few months for board approvals.

Finger Motion Financial Group Limited was organized on December 10, 2019 and is 100% owned by FingerMotion, Inc. This company is currently dormant and was organized as a holding company for Finger Motion Financial Company Limited, which was organized on January 24, 2020, which is 100% owned by Finger Motion Financial Group Limited. Finger Motion Financial Company Limited is currently dormant and was organized to operate the insurtech business once it is fully commercialized.

Note 2 - Summary of Principal Accounting Policies

Principles of Consolidation and Presentation

The condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The consolidated financial statements include the financial statements of the Company, and its wholly-owned subsidiaries. All intercompany accounts, transactions, and profits have been eliminated upon consolidation.

Variable interest entity

Pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Section 810, "Consolidation" ("ASC 810"), the Company is required to include in its consolidated financial statements, the financial statements of its variable interest entities ("VIEs"). ASC 810 requires a VIE to be consolidated if that company is subject to a majority of the risk of loss for the VIE or is entitled to receive a majority of the VIE's residual returns. VIEs are those entities in which a company, through contractual arrangements, bears the risk of, and enjoys the rewards normally associated with ownership of the entity, and therefore the company is the primary beneficiary of the entity.

Under ASC 810, a reporting entity has a controlling financial interest in a VIE, and must consolidate that VIE, if the reporting entity has both of the following characteristics: (a) the power to direct the activities of the VIE that most significantly affect the VIE's economic performance; and (b) the obligation to absorb losses, or the right to receive benefits, that could potentially be significant to the VIE. The reporting entity's determination of whether it has this power is not affected by the existence of kick-out rights or participating rights, unless a single enterprise, including its related parties and de - facto agents, have the unilateral ability to exercise those rights. JiuGe Technology's actual stockholders do not hold any kick-out rights that affect the consolidation determination.

Through the VIE agreements disclosed in Note 1, the Company is deemed the primary beneficiary of JiuGe Technology. Accordingly, the results of JiuGe Technology have been included in the accompanying consolidated financial statements. JiuGe Technology has no assets that are collateral for or restricted solely to settle their obligations. The creditors of JiuGe Technology do not have recourse to the Company's general credit.

The following assets and liabilities of the VIE & VIE Subsidiary are included in the accompanying consolidated financial statements of the Company as of November 30, 2020 and February 29, 2020:

FINGERMOTION, INC.
Nine months ended November 30, 2020 and 2019
Notes to the Condensed Consolidated Financial Statements

Note 2 - Summary of Principal Accounting Policies (Continued)

Assets and liabilities of the VIE

	November 30, 2020	February 29, 2020
	(unaudited)	
Current assets	$ 2,366,453	$ 1,966,067
Non-current assets	71,681	143,362
Total assets	2,438,134	2,109,429
Current liabilities	4,404,059	3,138,721
Non-current liabilities	—	—
Total liabilities	$ 4,404,059	$ 3,138,721

Assets and liabilities of the VIE Subsidiary

	November 30, 2020	February 29, 2020
	(unaudited)	
Current assets	$ 4,920,207	$ 3,068,108
Non-current assets	—	—
Total assets	4,920,207	3,068,108
Current liabilities	4,179,965	2,652,928
Non-current liabilities	—	—
Total liabilities	$ 4,179,965	$ 2,652,928

Operating Result of VIE

	For the Nine Months Ended November 30, 2020	For the Nine Months Ended November 30, 2019
	(unaudited)	(unaudited)
Revenue	$ 1,583,461	$ 1,754,793
Cost of revenue	(928,451)	(1,513,799)
Gross profit (loss)	655,010	240,994
Amortization and depreciation	(5,216)	(33,384)
General and administrative expenses	(1,393,511)	(879,167)
Research & Development	(100,083)	(76,073)
Total operating expenses	(1,498,810)	(988,624)
Profit (loss) from operations	(843,800)	(747,630)
Interest income	1,344	894
Interest expense	—	(616)
Other income	14,263	441,840
Total other income (expense)	15,607	442,118
Tax expense	—	—
Net profit (loss)	$ (828,193)	$ (305,512)

FINGERMOTION, INC.
Nine months ended November 30, 2020 and 2019
Notes to the Condensed Consolidated Financial Statements

Note 2 - Summary of Principal Accounting Policies (Continued)

Operating Result of VIE Subsidiary

	For the Nine Months Ended November 30, 2020		For the Nine Months Ended November 30, 2019	
		(unaudited)		(unaudited)
Revenue	$	9,662,128	$	3,910,686
Cost of revenue	$	(9,143,765)	$	(3,425,864)
Gross profit (loss)	$	518,363	$	484,822
Amortization and depreciation	$	(491)	$	—
General and administrative expenses	$	(244,731)	$	(130,852)
Research & Development	$	(44,984)	$	—
Share compensation expenses	$	—	$	—
Total operating expenses	$	(290,206)	$	(130,852)
Profit (loss) from operations	$	228,157	$	353,970
Interest income	$	38	$	182
Interest expense	$	—	$	—
Other income	$	56,370	$	9,842
Total other income (expense)	$	56,408	$	10,024
Tax expense	$	(579)	$	—
Net profit (loss)	$	283,986	$	363,994

Use of Estimates

The preparation of the Company's financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes its best estimate of the ultimate outcome for these items based on historical trends and other information available when the financial statements are prepared. Actual results could differ from those estimates.

Certain Risks and Uncertainties

The Company relies on cloud-based hosting through a global accredited hosting provider. Management believes that alternate sources are available; however, disruption or termination of this relationship could adversely affect our operating results in the near-term.

Identifiable Intangible Assets

Identifiable intangible assets are recorded at cost and are amortized over 3-10 years. Similar to tangible property and equipment, the Company periodically evaluates identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Note 2 - Summary of Principal Accounting Policies (Continued)

Impairment of Long-Lived Assets

The Company classifies its long-lived assets into: (i) computer and office equipment; (ii) furniture and fixtures, (iii) leasehold improvements, and (iv) finite – lived intangible assets.

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be fully recoverable. It is possible that these assets could become impaired as a result of technology, economy or other industry changes. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, relief from royalty income approach, quoted market values and third-party independent appraisals, as considered necessary.

The Company makes various assumptions and estimates regarding estimated future cash flows and other factors in determining the fair values of the respective assets. The assumptions and estimates used to determine future values and remaining useful lives of long-lived assets are complex and subjective. They can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as the Company's business strategy and its forecasts for specific market expansion.

Accounts Receivable and Concentration of Risk

Accounts receivable, net is stated at the amount the Company expects to collect, or the net realizable value. The Company provides a provision for allowances that includes returns, allowances and doubtful accounts equal to the estimated uncollectible amounts. The Company estimates its provision for allowances based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Company's estimate of the provision for allowances will change.

Lease

Operating and finance lease right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the future lease payments over the lease term. When the rate implicit to the lease cannot be readily determined, the Company utilizes its incremental borrowing rate in determining the present value of the future lease payments. The incremental borrowing rate is derived from information available at the lease commencement date and represents the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment. The right-of-use asset includes any lease payments made and lease incentives received prior to the commencement date. Operating lease right-of-use assets also include any cumulative prepaid or accrued rent when the lease payments are uneven throughout the lease term. The right-of-use assets and lease liabilities may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand, demand deposits, and other short-term highly liquid investments placed with banks, which have original maturities of three months or less and are readily convertible to known amounts of cash.

FINGERMOTION, INC.
Nine months ended November 30, 2020 and 2019
Notes to the Condensed Consolidated Financial Statements

Note 2 - Summary of Principal Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the estimated useful lives of the assets. Estimated useful lives range from three to seven years. Land is classified as held for sale when management has the ability and intent to sell, in accordance with ASC Topic 360-45.

Earnings Per Share

Basic (loss) earnings per share is based on the weighted average number of common shares outstanding during the period while the effects of potential common shares outstanding during the period are included in diluted earnings per share.

FASB Accounting Standard Codification Topic 260 (“ASC 260”), “Earnings Per Share,” requires that employee equity share options, non-vested shares and similar equity instruments granted to employees be treated as potential common shares in computing diluted earnings per share. Diluted earnings per share should be based on the actual number of options or shares granted and not yet forfeited, unless doing so would be anti-dilutive. The Company uses the “treasury stock” method for equity instruments granted in share-based payment transactions provided in ASC 260 to determine diluted earnings per share. Antidilutive securities represent potentially dilutive securities which are excluded from the computation of diluted earnings or loss per share as their impact was antidilutive.

Revenue Recognition

The Company adopted ASC 606, Revenue from Contracts with Customers (“ASC 606”) beginning on January 1, 2018 using the modified retrospective approach. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The Company has assessed the impact of the guidance by reviewing its existing customer contracts and current accounting policies and practices to identify differences that will result from applying the new requirements, including the evaluation of its performance obligations, transaction price, customer payments, transfer of control and principal versus agent considerations. Based on the assessment, the Company concluded that there was no change to the timing and pattern of revenue recognition for its current revenue streams in scope of ASC 606 and therefore there was no material changes to the Company's consolidated financial statements upon adoption of ASC 606.

The Company recognizes revenue from providing hosting and integration services and licensing the use of its technology platform to its customers. The Company recognizes revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) the service has been provided to the customer (for licensing, revenue is recognized when the Company’s technology is used to provide hosting and integration services); (3) the amount of fees to be paid by the customer is fixed or determinable; and (4) the collection of fees is probable. We account for our multi-element arrangements, such as instances where we design a custom website and separately offer other services such as hosting, which are recognized over the period for when services are performed.

FINGERMOTION, INC.
Nine months ended November 30, 2020 and 2019
Notes to the Condensed Consolidated Financial Statements

Note 2 - Summary of Principal Accounting Policies (Continued)

Income Taxes

The Company uses the asset and liability method of accounting for income taxes in accordance with Accounting Standards Codification (“ASC”) 740, “Income Taxes” (“ASC 740”). Under this method, income tax expense is recognized as the amount of: (i) taxes payable or refundable for the current year and (ii) future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of available evidence it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Non-controlling interest

Non-controlling interests held 1% shares of one of subsidiary is recorded as a component of our equity, separate from the Company’s equity. Purchase or sales of equity interests that do not result in a change of control are accounted for as equity transactions. Results of operations attributable to the non-controlling interest are included in our consolidated results of operations and, upon loss of control, the interest sold, as well as interest retained, if any, will be reported at fair value with any gain or loss recognized in earnings.

Recently Issued Accounting Pronouncements

The Company does not believe recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

Note 3 - Going Concern

The accompanying unaudited financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. The Company had an accumulated deficit of $10,074,007 and $7,826,754 as at November 30, 2020 and February 29, 2020 respectively, and had a net loss of $2,244,413 and $2,275,868 for the nine months ended November 30, 2020 and 2019, respectively.

The Company’s continuation as a going concern is dependent on its ability to obtain additional financing to fund operations, implement its business model, and ultimately, attain profitable operations. The Company will need to secure additional funds through various means, including equity and debt financing or any similar financing. There can be no assurance that the Company will be able to obtain additional equity or debt financing, if and when needed, on terms acceptable to the Company, or at all. Any additional equity or debt financing may involve substantial dilution to the Company’s stockholders, restrictive covenants or high interest costs. The Company’s long-term liquidity also depends upon its ability to generate revenues and achieve profitability.

FINGERMOTION, INC.
Nine months ended November 30, 2020 and 2019
Notes to the Condensed Consolidated Financial Statements

Note 4 - Revenue

We recorded $11,245,589 and $5,665,479 in revenue, respectively, for the nine months ended November 30, 2020 and 2019. The increase of $5,580,110 resulted from the consolidation of businesses of VIE entities & its subsidiary.

	For the Nine Months Ended	
	November 30, 2020	November 30, 2019
	(unaudited)	(unaudited)
Telecommunication Products & Services	$ 1,583,461	$ 1,754,793
SMS & MMS Business	9,662,128	3,910,686
	$ 11,245,589	$ 5,665,479

Note 5 – Equipment

At November 30, 2020 and February 29, 2020, the company has the following amounts related to tangible assets:

	November 30, 2020	February 29, 2020
	(unaudited)	
Equipment	$ 133,516	$ 30,957
Less: accumulated depreciation	(21,921)	(9,618)
Net equipment	$ 111,595	$ 21,339

No significant residual value is estimated for the equipment. Depreciation expense for the nine months ended November 30, 2020 and 2019 totaled $7,524 and $4,851, respectively.

Note 6 – Intangible Assets

At November 30, 2020 and February 29, 2020, the company has the following amounts related to intangible assets:

	November 30, 2020	February 29, 2020
	(unaudited)	
Licenses	$ 200,000	$ 200,000
Mobile applications	218,070	
	418,070	
Less: accumulated amortization	(248,578)	(200,000)
Net intangible assets	$ 169,492	$ -0-

No significant residual value is estimated for these intangible assets. Amortization expense for the nine periods ended November 30, 2020 and 2019 totaled $45,827 and $nil, respectively.

Note 7 – Prepaid Expenses

Prepaid expenses consist of the deposit pledge to the vendor for stocks credits for resale. The significant movement was mainly due to inception of Finger Motion (CN) Limited and its China entities on October 16, 2018. Our current vendors are China Unicom and China Mobile for Telecommunication Products & Services and China Mobile for SMS & MMS business.

	November 30, 2020	February 29, 2020
Telecommunication Products & Services	(unaudited)	
Deposit Paid / Prepayment	$ 1,393,506	$ 997,864
Deposit received	—	(11,783)
Net Prepaid expenses for Mobile recharge	$ 1,393,506	$ 986,081
Other prepayment	422,913	916,242
Prepayment and deposit	$ 1,816,419	$ 1,902,323

	November 30, 2020	February 29, 2020
SMS & MMS Business	(unaudited)	
Deposit Paid / Prepayment	$ 280,791	$ 581,088
Deposit received	—	
Net Prepaid expenses for SMS	$ 280,791	$ 581,088
Other prepayment	—	—
Prepayment and deposit	$ 280,791	$ 581,088

Note 8 – Right-of-use Asset and Lease Liability

The Company has entered into lease agreements with various third parties. The terms of operating leases are one to two years. These operating leases are included in "Right-of-use Asset" on the Company's Consolidated Balance Sheet and represent the Company's right to use the underlying asset for the lease term. The Company's obligation to make lease payments are included in "Lease liability" on the Company's Consolidated Balance Sheet. Additionally, the Company has entered into various short-term operating leases with an initial term of twelve months or less. These leases are not recorded on the Company's balance sheet. All operating lease expense is recognized on a straight-line basis over the lease term in the nine months ended November 30, 2020.

Information related to the Company's right-of-use assets and related lease liabilities were as follows:

	November 30, 2020	February 29, 2020
Right-of-use asset	(unaudited)	
Right-of-use asset, net	$ 125,108	$ 6,671
Lease liability		
Current lease liability	$ 45,874	$ 6,671
Non-current lease liability	79,907	—
Total lease liability	$ 125,781	$ —

		November 30, 2020
Remaining lease term and discount rate		(unaudited)
Weighted-average remaining lease term		3 years
Weighted-average discount rate		2.48%

Commitments

The following table summarizes the future minimum lease payments due under the Company's operating leases as of November 30, 2020:

2021	$	48,479
Thereafter		81,606
Less: imputed interest		(4,304)
	$	125,781

Note 9 - Convertible Note Payable

A note payable having a principal amount of $1,000,000 at November 30, 2020 and accruing interest at 5% per annum, which was due and payable on October 9, 2020, was extended by the parties for an additional three months until January 9, 2021. The note is convertible at anytime from the date of issuance at the option of the holder into shares of common stock par value $0.0001 par value of the Company at a price of $2.00 per share.

We estimate that the fair value of this convertible debt is approximately the principal amount, so no value has been assigned to the beneficial conversion feature. Any gain or loss will be recognized at conversion.

FINGERMOTION, INC.
Nine months ended November 30, 2020 and 2019
Notes to the Condensed Consolidated Financial Statements

Note 10 - Note Payable

A note payable having a principal amount of $66,000 at November 30, 2020 and accruing interest at 0% per annum is due and payable on May 21, 2021.

Note 11 - Loan Payable

The following table summarizes loan principal due by the Company as of November 30, 2020:

Lender	Term		November 30, 2020
			(unaudited)
Liew Yow Ming	From Apr 8, 2020 to Apr 7, 2022	$	758,063
Liew Yow Ming	From Apr 16, 2020 to Apr 15, 2022		351,244
Liew Yow Ming	From Jul 29, 2020 to Jan 28, 2021		544,900
		$	1,654,207

Liew Yow Ming is a non-controlling stockholder of the Company. Loans from Mr. Liew Yow Ming bear interest at a fixed rate of 20% per annum. Interest expenses incurred on loans payable for the nine months ended November 30, 2020 was $153,577.

Note 12 - Common Stock

On June 21, 2017, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the Secretary of State of the State of Delaware effecting a 1 for 4 reverse stock split of the Company's outstanding shares of common stock and increase in the authorized shares of common stock to 200,000,000 and a name change of the Company from Property Management Corporation of America to FingerMotion, Inc. (the "Corporate Actions"). The Corporate Actions and the amendment to the Certificate of Incorporation became effective on June 21, 2017.

Effective July 13, 2017 (the “Closing Date”), the Company entered into that certain Share Exchange Agreement (the “Share Exchange Agreement”) by and among the Company, Finger Motion Company Limited, a Hong Kong corporation (“FMCL”) and certain shareholders of FMCL (the “FMCL Shareholders”). Pursuant to the Share Exchange Agreement, the Company agreed to exchange the outstanding equity stock of FMCL held by the FMCL Shareholders for shares of common stock of the Company.

At the Closing Date, the Company issued approximately 12,000,000 shares of common stock to the FMCL shareholders. In addition, the Company issued 600,000 shares to consultants in connection with the transactions contemplated by the Share Exchange Agreement, and up to 2,562,500 additional shares to accredited investors.

The Company issued approximately 2,856,000 shares of common stock during the fiscal year ended February 28, 2018, of which 1,350,000 were issued to consultants at $0.035 per share. 400,000, 470,000 and 636,000 shares were issued to investors at a per share purchase price of $0.50, $1.00 and $1.50, respectively.

The Company issued approximately 7,331,000 shares of common stock during the year ended February 28, 2019 for cash of $3,760,500.

The Company issued 798,200 shares of common stock for the year ended February 29, 2020 for consideration of $1,699,799, including 200,000 shares of common stock to consultants.

The Company issued an aggregate 242,000 shares of common stock at a deemed price of $1.00 per share during the fiscal year ended February 29, 2020 pursuant to the conversion of promissory notes in the aggregate amount of $220,000 plus interest of $22,000.

Note 12 - Common Stock (Continued)

The Company issued an aggregate of 44,000 shares of common stock at a deemed price of $2.50 per share during the fiscal year ended February 29, 2020 pursuant to the conversion of promissory notes in the aggregate amount of $100,000 plus interest of $4,000.

On May 1, 2020, the Company issued an aggregate of 7,645,000 shares of common stock at a deemed price of $0.20 per share to 24 individuals and two entities pursuant to consulting agreements, management agreements and to employees.

On May 8, 2020, the Company issued an aggregate of 150,000 shares of common stock at a deemed price of $0.40 per share to three individuals pursuant to a financial advisory services agreement.

On May 15, 2020, the Company issued 250,000 shares of common stock at a deemed price of $0.25 per share to one entity pursuant to a management consulting agreement.

On July 22, 2020, the Company cancelled 150,000 shares of common stock which it issued to three individuals pursuant to a financial advisory services agreement on May 8, 2020.

On September 24, 2020, the Company issued 40,000 shares of common stock to one entity pursuant to a settlement agreement with respect to a business development consulting agreement at a deemed price of $3.40 per share.

On September 25, 2020, the Company issued 34,104 shares of common stock to a consultant pursuant to a marketing services agreement at a deemed price of $3.90 per share.

On October 2, 2020, the Company issued 700,000 shares of common stock to four individuals and one entity pursuant to consulting agreements and management agreements at a deemed price of $0.21 per share.

On October 19, 2020, the Company issued 830,000 shares of common stock to five individuals due to the closing of its private placement at $0.50 per share for gross proceeds of $415,000.

On October 19, the Company issued 438,500 units (each, a "Unit") to 12 individuals and three entities due to a closing of its private placement at $1.00 per Unit for gross proceeds of $438,500. Each Unit consists of one share of common stock and one common stock purchase warrant (each, a "Warrant") with each Warrant entitling the holder thereof to purchase one additional share of common stock (each, a "Warrant Share") at an exercise price of $2.00 per Warrant Share having an expiry date of two years from the date of issuance of the Warrants.

On October 19, 2020, the Company issued 100,000 shares of common stock to one individual due to the closing of its private placement at $1.00 per share for gross proceeds of $100,000.

On October 19, 2020, the Company issued 265,000 shares of common stock to four individuals due to the closing of its private placement at $1.50 per share for gross proceeds of $397,500.

On October 19, 2020, the Company issued 50,000 units (each, a "Unit") to one individual due to a closing of its private placement at $1.50 per Unit for gross proceeds of $75,000. Each Unit consists of one share of common stock and one common stock purchase warrant (each, a "Warrant") with each Warrant entitling the holder thereof to purchase one additional share of common stock (each, a "Warrant Share") at an exercise price of $3.00 per Warrant Share having an expiry date of two years from the date of issuance of the Warrants.

Note 12 - Common Stock (Continued)

During the quarter ended November 30, 2020, the Company received $1,345,999.50 from subscriptions for the purchase of 897,333 units (each a "Unit") of the Company at a price of $1.50 per Unit from 17 individuals and 4 entities, which securities have not been issued as of November 30, 2020. Each Unit consists of one share of common stock and one common stock purchase warrant (each, a "Warrant") with each Warrant entitling the holder thereof to purchase one additional share of common stock (each, a "Warrant Share") at an exercise price of $3.00 per Warrant Share having an expiry date of two years form the date of issuance of the Warrants. In addition, during the quarter ended November 30, 2020, the Company received $880,000 from subscriptions for the purchase of 440,000 shares of common stock of the Company at a price of $2.00 per share from 12 individuals, which securities have not been issued as of November 30, 2020.

Note 13 - Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per common share:

	For the Nine Months Ended	
	November 30, 2020	**November 30, 2019**
	(unaudited)	(unaudited)
Numerator - basic and diluted		
Net Loss	$ (2,244,413)	$ (2,275,868)
Denominator		
Weighted average number of common shares outstanding —basic	32,424,218	25,847,953
Weighted average number of common shares outstanding —diluted	32,424,218	25,532,997
Loss per common share — basic	$ (0.07)	$ (0.09)
Loss per common share — diluted	$ (0.07)	$ (0.09)

Note 14 - Income Taxes

The Company and its subsidiaries file separate income tax returns.

The United States of America

FingerMotion, Inc. is incorporated in the State of Delaware in the U.S. and is subject to a U.S. federal corporate income tax of 21%. The Company generated a taxable loss for the nine months ended November 30, 2020 and 2019.

Hong Kong

Finger Motion Company Limited and Finger Motion (CN) Limited are incorporated in Hong Kong and are subject to Hong Kong's profits tax rate of 16.5%. Both the companies generated a taxable loss for the nine months ended November 30, 2020 and 2019. Finger Motion Financial Company Limited is incorporated in Hong Kong and does not currently have any operations.

The People's Republic of China (PRC)

JiuGe Management, JiuGe Technology, Beijing XunLian and Suzhou BuGuNiao are incorporated in the People's Republic of China and are subject to PRC income tax at 25%.

FINGERMOTION, INC.
Nine months ended November 30, 2020 and 2019
Notes to the Condensed Consolidated Financial Statements

Note 14 - Income Taxes (Continued)

Income tax mainly consists of foreign income tax at statutory rates and the effects of permanent and temporary differences. The Company's effective income tax rates for the nine months ended November 30, 2020 and 2019 are as follows:

	For the Nine Months Ended	
	November 30, 2020	November 30, 2019
	(unaudited)	(unaudited)
U.S. statutory tax rate	21.0 %	21.0 %
Foreign income not registered in the U.S.	(21.0 %)	(21.0 %)
PRC profit tax rate	25.0 %	25.0 %
Changes in valuation allowance and others	(25.0 %)	(25.0 %)
Effective tax rate	**0.0 %**	**0.0 %**

At November 30, 2020 and February 29, 2020, the Company has a deferred tax asset of $561,813 and $750,024, resulting from certain net operating losses in U.S., respectively. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those net operating losses are available. The Company considers projected future taxable income and tax planning strategies in making its assessment. At present, the Company concludes that it is more-likely-than-not that the Company will be able to realize all of its tax benefits in the near future and therefore a valuation allowance has been provided for the full value of the deferred tax asset. A valuation allowance will be maintained until sufficient positive evidence exists to support the reversal of any portion or all of the valuation allowance. At November 30, 2020 and February 29, 2020, the valuation allowance was $561,813 and $750,024, respectively.

	November 30, 2020	February 29, 2020
	(unaudited)	
Deferred tax asset from operating losses carry-forwards	$ 561,813	$ 750,024
Valuation allowance	(561,813)	(750,024)
Deferred tax asset, net	$ —	$ —

FINGERMOTION, INC.
Nine months ended November 30, 2020 and 2019
Notes to the Condensed Consolidated Financial Statements

Note 15 – Acquisition

On March 7, 2019, JiuGe Technology also acquired 99% of equity interest of Beijing XunLian, a subsidiary that provides bulk distribution of SMS messages for JiuGe customers at discounted rates.

The following table summarizes the consideration paid for Beijing XunLian and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

Consideration	$	-0-
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Cash and cash equivalents	$	270
Deposits, prepayments and other receivables		863
Other payables		(9,882)
Net liabilities	$	(8,749)
Goodwill	$	8,749

Note 16 – Related Parties Transaction

a) Related parties:

Name of related parties	Relationship with the Company
Ms. Li Li	Non-controlling Stockholder, Legal Representative of Shanghai JiuGe Technology Information Co Ltd
Mr. Liew Yow Ming	Non-controlling Stockholder

b) The Company had the following related party balances at November 30, 2020 and February 29, 2020:

	November 30, 2020 (unaudited)	February 29, 2020
Due to related parties:		
Ms. Li Li	$ (663,592)	$ (1,351,107)

The amount due to related party is without interest and due on demand.

	November 30, 2020 (unaudited)	February 29, 2020
Loan payables		
Mr. Liew Yow Ming	$ 1,654,207	$ —

Loans from Mr. Liew Yow Ming are fixed at an interest rate of 20% per annum with a fixed repayment term. Interest expenses were $153,577 and $nil for the nine months ended November 30, 2020 and 2019, respectively.

FINGERMOTION, INC.
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Note 17 - Commitments and Contingencies

Legal proceedings

The Company is not aware of any material outstanding claim and litigation against it or its subsidiaries.

Note 18 - Subsequent Events

The impact of Coronavirus (COVID-19)

The Company has analyzed its operations subsequent to November 30, 2020 to the date these unaudited condensed consolidated financial statements were issued, finding that the impact of COVID-19 on the Company is minimal. As the Country have been slowly reopening with more businesses and the enforcing on strict controls by the Government on the containment of the spread of this virus since March, the Company business will likely be seen to be continually improves for the fiscal year 2020. However, there will be a possibility that the outbreak may worsen at a later point in time where it may impact the growth of the business, all of which are uncertain and cannot be predicted at this point.

Subsequent to November 30, 2020, the Company issued 1,604,334 units (each, a "Unit") to 28 individuals and five entities due to the closing of its private placement at $1.50 per Unit for gross proceeds of $2,406,501. Each Unit consists of one share of our common stock and one common stock purchase warrant (each, a "Warrant") with each Warrant entitling the holder thereof to purchase one additional share of our common stock (each, a "Warrant Share") at an exercise price of $3.00 per Warrant Share having an expiry date of two years from the date of issuance of the Warrants.

Subsequent to November 30, 2020, the Company issued 534,500 shares of common stock to 16 individuals due to the closing of its private placement at $2.00 per share for gross proceeds of $1,069,000.

Subsequent to November 30, 2020, the Company issued 500,000 shares of common stock to one individual pursuant to the conversion of the outstanding convertible note at a price of $2.00 per share.

Subsequent to November 30, 2020, the Company issued 34,103 shares of common stock to one entity pursuant to a marketing services agreement at a deemed price of $3.90 per share.

Subsequent to November 30, 2020, the Company issued 5,000 shares of common stock to one individual pursuant to a consulting agreement at a deemed price of $2.00 per share.

Except for the above, the Company has determined that it does not have any material subsequent events to disclose in these unaudited condensed consolidated financial statements.

ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The terms the "Registrant", "we", "us", "our", "FingerMotion" and the "Company" mean FingerMotion, Inc. or as the context requires, collectively with its consolidated subsidiaries and contractually controlled companies.

Cautionary Note Regarding Forward-Looking Statements

The following management's discussion and analysis of the Company's financial condition and results of operations (the "MD&A") contains forward-looking statements that involve risks, uncertainties and assumptions including, among others, statements regarding our capital needs, business plans and expectations. In evaluating these statements, you should consider various factors, including the risks, uncertainties and assumptions set forth in reports and other documents we have filed with or furnished to the SEC and, including, without limitation, this Quarterly Report on Form 10-Q for the nine months ended November 30, 2020, and our Annual Report on Form 10-K for the fiscal year ended February 29, 2020, including the consolidated financial statements and related notes contained therein. These factors, or any one of them, may cause our actual results or actions in the future to differ materially from any forward-looking statement made in this document. Refer to "Cautionary Note Regarding Forward-looking Statements" as disclosed in our Annual Report on Form 10-K for the fiscal year ended February 29, 2020, and Item 1A, Risk Factors, under Part II - Other Information of this Quarterly Report.

Introduction

This MD&A is focused on material changes in our financial condition from February 29, 2020, our most recently completed year end, to November 30, 2020, and our results of operations for the three and nine months ended November 30, 2020, and should be read in conjunction with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations as contained in our Annual Report on Form 10-K for the fiscal year ended February 29, 2020.

Corporate Information

The Company was initially incorporated as Property Management Corporation of America on January 23, 2014 in the State of Delaware.

On June 21, 2017, the Company amended its certificate of incorporation to effect a 1-for-4 reverse stock split of the Company's outstanding common stock, to increase the authorized shares of common stock to 200,000,000 shares and to change the name of the Company from "Property Management Corporation of America" to "FingerMotion, Inc." (the "**Corporate Actions**"). The Corporate Actions and the amended certificate of incorporation became effective on June 21, 2017.

Effective July 13, 2017, the Company entered into that certain Share Exchange Agreement (the "**Share Exchange Agreement**") by and among the Company, Finger Motion Company Limited, a Hong Kong corporation ("**FMCL**") and certain shareholders of FMCL (the "**FMCL Shareholders**"). Pursuant to the Share Exchange Agreement, the Company agreed to exchange the outstanding equity stock of FMCL held by the FMCL Shareholders for shares of common stock of the Company. On the closing date of the Share Exchange Agreement, the Company issued 12,000,000 shares of common stock to the FMCL shareholders. In addition, the Company issued 600,000 shares to consultants in connection with the transactions contemplated by the Share Exchange Agreement, and 2,562,500 additional shares to accredited investors, which was a concurrent financing but not a condition of closing the Share Exchange Agreement.

As a result of the Share Exchange Agreement and the other transactions contemplated thereunder, FMCL became a wholly owned subsidiary of the Company. FMCL, a Hong Kong corporation, was formed on April 6, 2016 and is an information technology company that specializes in operating and publishing mobile games. We operate our video game division through FMCL.

On October 16, 2018, the Company, through its indirect wholly owned subsidiary, Shanghai JiuGe Business Management Co., Ltd. ("**JiuGe Management**"), entered into a series of agreements known as variable interest agreements (the "**VIE Agreements**") pursuant to which Shanghai JiuGe Information Technology Co., Ltd. ("**JiuGe Technology**") became our contractually controlled affiliate. The use of VIE agreements is a common structure used to acquire PRC corporations, particularly in certain industries in which foreign investment is restricted or forbidden by the PRC government. The VIE Agreements include a Consulting Services Agreement, a Loan Agreement, a Power of Attorney Agreement, a Call Option Agreement, and a Share Pledge Agreement in order to secure the connection and commitments of the JiuGe Technology. We operate our mobile payment platform business through JiuGe Technology.

Intercorporate Relationships

The following is a list of all of our subsidiaries and the corresponding date of jurisdiction of incorporation or organization and the ownership interest of each. All of our subsidiaries are directly or indirectly owned or controlled by us:

Name of Entity	Place of Incorporation/Formation	Ownership Interest
Finger Motion Company Limited(1)	Hong Kong	100%
Finger Motion (CN) Global Limited(2)	Samoa	100%
Finger Motion (CN) Limited(3)	Hong Kong	100%
Finger Motion Financial Group Limited(4)	Samoa	100%
Finger Motion Financial Company Limited(5)	Hong Kong	100%
Shanghai JiuGe Business Management Co., Ltd.(6)	PRC	100%
Shanghai JiuGe Information Technology Co., Ltd.(7)	PRC	Contractually controlled (7)
Beijing XunLian TianXia Technology Co., Ltd.(8)	PRC	99%
Suzhou BuGuNiao Digital Technology Co., Ltd.(9)	PRC	99%

Notes:
(1) Finger Motion Company Limited is a wholly-owned subsidiary of FingerMotion, Inc.
(2) Finger Motion (CN) Global Limited is a wholly-owned subsidiary of FingerMotion, Inc.
(3) Finger Motion (CN) Limited is a wholly-owned subsidiary of Finger Motion (CN) Global Limited.
(4) Finger Motion Financial Group Limited is a wholly-owned subsidiary of FingerMotion, Inc.
(5) Finger Motion Financial Company Limited is a wholly-owned subsidiary of Finger Motion Financial Group Limited.
(6) Shanghai JiuGe Business Management Co., Ltd. is a wholly-owned subsidiary of Finger Motion (CN) Limited.
(7) Shanghai JiuGe Information Technology Co., Ltd. is a variable interest entity that is contractually controlled by Shanghai JiuGe Business Management Co., Ltd.
(8) Beijing XunLian TianXia Technology Co., Ltd. is a 99% owned subsidiary of Shanghai JiuGe Information Ttechnology Co., Ltd.
(9) Suzhou BuGuNiao Digital Technology Co., Ltd. is a 99% owned subsidiary of Shanghai JiuGe Information Technology Co., Ltd.

Overview

We operate three principal lines of business, a video game division, a mobile payment platform and a mass SMS text message service. We operate our video game platform through FMCL.

The video game industry covers multiple sectors and is currently experiencing a move away from physical games towards digital software. Advances in technology and streaming now allow users to download games rather than visiting retailers. Video game publishers are expanding their direct-to-consumer channels, with mobile gaming current growth leader, and eSports and virtual reality gaining momentum as the next big sectors. This is the business focus for FMCL.

In June 2018, FMCL temporarily paused its publishing and operating plans for existing games and other projects. The Company's board of directors decided to re-focus the Company's resources into the new business opportunities in China, particularly the mobile data business.

We conduct our mobile payment and recharge business through JiuGe Technology, our contractually controlled affiliate.

In the first half of 2018, JiuGe Technology secured contracts with China United Network Communications Group Co., Ltd. ("**China Unicom**") and China Mobile Communications Corporation ("**China Mobile**") to distribute mobile data for businesses and corporations in nine provinces/municipalities, namely Chengdu, Jiangxi, Jiangsu, Chongqing, Shanghai, Zhuhai, Zhejiang, Shaanxi and Inner Mongolia. In September 2018, JiuGe Technology launched and commercialized mobile payment and recharge services to businesses for China Unicom. The JiuGe Technology mobile payment and recharge platform enables the seamless delivery of real-time payment and recharge services to third-party channels and businesses. We earn a rebate from each telecommunications company on the funds paid by consumers to the telecommunications companies we process. To encourage consumers to utilize our portal instead of using our competitors' platforms or paying China Unicom or China Mobile directly, we offer mobile data and talk time at a rate discounted from these companies' stated rates, which are also the rates we must pay to them to purchase the mobile data and talk time provided to consumers through the use of our platform. Accordingly, we earn income on the rebates we receive from China Unicom and China Mobile, reduced by the amounts by which we discount the mobile data and talk time sold through our platform.

Recent Developments

In March 2019, JiuGe Technology acquired Beijing XunLian TianXia Technology Co., Ltd. ("**Beijing Technology**") and, through Beijing Technology, entered into the business of mass SMS text message service as a compliment to its mobile payment and recharge business. The mass SMS text message service offers bulk SMS services to end consumers with competitive pricing. Currently, our SMS integrated platform is scalable to process more than 150 million SMS text messages per month. Beijing Technology retains a license from the Ministry of Industry and Information Technology to operate SMS and MMS business in the PRC. Similar to the mobile payment and recharge business, Beijing Technology is required to make a deposit or bulk purchase in advance and has secured business customers that will utilize Beijing Technology's SMS integrated platform to send bulk SMS text messages monthly. Beijing Technology has the capability to manage and track the entire process, including obtaining government approval, until the SMS messages have been delivered successfully.

In July 2019, JiuGe Technology entered into that certain Yunnan Unicom Electronic Sales Platform Construction and Operation Cooperation Agreement (the "**Cooperation Agreement**") with China Unicom's Yunnan subsidiary. Under the Cooperation Agreement, JiuGe Technology is responsible for constructing and operating China Unicom's electronic sales platform through which consumers can purchase various goods and services from China Unicom, including mobile telephones, mobile telephone service, broadband data services, terminals, "smart" devices and related financial insurance. The Cooperation Agreement provides that JiuGe Technology is required to construct and operate the platform's webpage in accordance with China Unicom's specifications and policies, and applicable law, and bear all expenses in connection therewith. As consideration for the services it provides under the Cooperation Agreement, JiuGe Technology receives a percentage of the revenue received from all sales it processes for China Unicom on the platform. The Cooperation Agreement expires three years from the date of its signature, but it may be terminated by (i) JiuGe Technology upon three months' written notice or (ii) by China Unicom unilaterally.

Results of Operations

Three Months Ended November 30, 2020 Compared to Three Months Ended November 30, 2019

The following table sets forth our results of operations for the periods indicated:

	For the Three Months Ended			
		November 30, 2020		November 30, 2019
Revenue	$	4,881,601	$	2,692,734
Cost of revenue	$	(4,261,058)	$	(2,255,274)
Total operating expenses	$	(1,301,974)	$	(1,002,230)
Total other income (expenses)	$	(24,215)	$	68,077
Net Loss attributable to the Company's shareholders	$	(708,153)	$	(496,693)
Foreign currency translation adjustment	$	94,707	$	18,003
Comprehensive loss attributable to the Company	$	(613,761)	$	(478,690)
Basic Loss Per Share attributable to the Company	$	(0.02)	$	(0.02)
Diluted Loss Per Share attributable to the Company	$	(0.02)	$	(0.02)

Revenue

The following table sets forth the Company's revenue from its different lines of businesses for the periods indicated:

	For the Three Months Ended			Change
		November 30, 2020	November 30, 2019	(%)
Telecommunication Products & Services	$	482,575	261,748	84%
SMS & MMS Business	$	4,399,026	2,430,985	81%
Total Revenue	*$*	*4,881,601*	*2,692,733*	*81%*

We recorded $4,881,601 in revenue for the three months period ended November 30, 2020, an increase of $2,188,868 or 81%, compared to the three months period ended November 30, 2019. This increase resulted from an increase in revenue of $220,827 and $1,968,040 from our Telecommunication Products & Services and SMS & MMS businesses, respectively. The SMS & MMS business have improved and will continue to provide the solid revenue stream for the Company in the future. The Company acquired the SMS & MMS business in April 2019 and have since contributed to the total revenue. As for the Telecommunication Products & Services, we earn revenue by providing mobile payment and recharge services to customers of telecommunications companies in China. Specifically, we earn a negotiated rebate amount from the telecommunications companies for all monies paid by consumers to those companies that we process. As we continue to develop our mobile payment business, we expect that revenues will continue to grow.

Cost of Revenue

The following table sets forth the Company's cost of revenue for the periods indicated:

	For the Three Months Ended			
		November 30, 2020		November 30, 2019
Telecommunication Products & Services	$	159,592	$	182,653
SMS & MMS Business	$	4,101,466	$	2,072,620
Total Cost of Revenue	*$*	*4,261,058*	*$*	*2,255,273*

We recorded $4,261,058 in costs of revenue for the three months period ended November 30, 2020, an increase of $2,005,785 or 89%, compared to the three months period ended November 30, 2019. As previously mentioned, we principally earn revenue by providing mobile payment and recharge services to customers of telecommunications companies in China. To earn this revenue, we incur certain customer acquisition costs, including discounts to our customers and promotional expenses, which is reflected in our cost of revenue.

Gross profit (loss)

Our gross profit for the three months period ended November 30, 2020 was $620,543, an increase of $183,083 or 42%, compared to the three months period ended November 30, 2019. This increase in gross profit resulted from higher revenue and margin for the period.

Amortization & Depreciation

We recorded depreciation of $45,734 for fixed assets for the three months period ended November 30, 2020, an increase of $33,879 or 286%, compared to the three months period ended November 30, 2019. This increase resulted in purchase of equipment and investment in platforms.

General & Administrative Expenses

The following table sets forth the Company’s general and administrative expenses for the periods indicated:

	For the Three Months Ended	
	November 30, 2020	**November 30, 2019**
Accounting	$ 15,650	$ 14,219
Consulting	$ 304,277	$ 280,323
Entertainment	$ 37,602	$ 60,927
IT	$ 16,826	$ —
Rent	$ 14,320	$ 18,775
Salaries and Wages	$ 338,156	$ 270,667
Technical Fee	$ —	$ —
Others	$ 66,719	$ 21,038
Total G&A Expenses	*$ 793,550*	*$ 665,949*

We recorded $793,550 in general and administrative expenses for the three months period ended November 30, 2020, an increase of $127,601 or 19%, compared to the three months period ended November 30, 2019. The increase of consulting, and staff salaries are principally the result of the building of our mobile payment and SMS businesses.

Marketing Cost

The following table sets forth the Company’s marketing cost for the periods indicated:

	For the Three Months Ended	
	November 30, 2020	**November 30, 2019**
Marketing Cost	$ 136,960	$ —

We incurred fees of $136,960 in marketing cost in the third quarter ended November 30, 2020 for our telecommunication products and services business.

Research & Development

The following table sets forth the Company's research & development for the periods indicated:

	For the Three Months Ended	
	November 30, 2020	November 30, 2019
Research & Development – Big Data	$ 124,723	$ 96,627

We incurred fees of $124,723 in research & development for the three months period ended November 30, 2020 as compared to $96,627 for the three months period ended November 30, 2019. The increase of $28,096 or 29% was due to higher data access and usage fee charged by the telecommunications company.

The Insurtech division of the Company that focuses on consumer behavioral insights extraction for the purpose of risk assessment. Insights are derived from various data sources with the primary sources being the telecommunication data. The initial phase of business application is to focus on insurance industry particularly in the area of underwriting risk rating, complementary claims adjudication and assessment, and risk segmentation & market penetration.

This division comprises of experienced actuaries, data scientists and computer programmers.

The expenses for research & development include associated wages and salaries, data access fees and IT infrastructure.

The 1st stage of prototyping on Phase 1 - analytical framework and business applications have been completed and target to commercialize by mid of 2021.

Share Compensation Expenses

The following table sets forth the Company's share compensation expenses for the periods indicated:

	For the Three Months Ended	
	November 30, 2020	November 30, 2019
Share compensation expenses	$ 201,007	$ 227,799

We incurred fees of $201,007 in share issuance for consultants in consideration of the services which have been provided to the company for the three months period ended November 30, 2020 as compared to $227,799 for the three months period ended November 30, 2019.

Operating Expenses

We recorded $1,301,974 in operating expenses for the three months period ended November 30, 2020, as compared to $1,002,230 in operating expenses for the three months period ended November 30, 2019. The increase of $299,744 or 30%, for the three months period ended November 30, 2020 is as set forth above.

Net Loss from Operations

As a result of the foregoing, our net loss from operations for the three month period ended November 30, 2020 was $681,431, an increase of $116,661 or 21%, compared to the three month period ended November 30, 2019.

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Nine Months Ended November 30, 2020 Compared to Nine Months Ended November 30, 2019

The following table sets forth our results of operations for the periods indicated:

	For the Nine Months Ended	
	November 30, 2020	November 30, 2019
Revenue	$ 11,245,589	$ 5,665,479
Cost of revenue	$ (10,072,216)	$ (4,939,664)
Total operating expenses	$ (3,324,717)	$ (3,080,900)
Total other income (expenses)	$ (93,069)	$ 79,217
Net Loss attributable to the Company's shareholders	$ (2,247,253)	$ (2,275,868)
Foreign currency translation adjustment	$ 106,446	$ 22,737
Comprehensive loss attributable to the Company	$ (2,141,218)	$ (2,253,131)
Basic Loss Per Share attributable to the Company	$ (0.07)	$ (0.09)
Diluted Loss Per Share attributable to the Company	$ (0.07)	$ (0.09)

Revenue

The following table sets forth the Company's revenue from its different lines of businesses for the periods indicated:

	For the Nine Months Ended		Change
	November 30, 2020	November 30, 2019	(%)
Telecommunication Products & Services	$ 1,583,461	1,754,793	(10%)
SMS & MMS Business	$ 9,662,128	3,910,686	147%
Total Revenue	*$ 11,245,589*	*5,665,479*	*98%*

We recorded $11,245,589 in revenue for the nine months period ended November 30, 2020, an increase of 5,580,011 or 98%, compared to the nine months period ended November 30, 2019. This increase resulted from an increase in revenue of $5,751,442 from our SMS & MMS business, offset in part by a decrease of $171,332 from our Telecommunication Products & Services business. The SMS & MMS business have improved and will continue to provide the solid revenue stream for the Company in the future. The Company acquired the SMS & MMS business in April 2019 and have since contributed to the total revenue. As for the Telecommunication Products & Services, we earn revenue by providing mobile payment and recharge services to customers of telecommunications companies in China. Specifically, we earn a negotiated rebate amount from the telecommunications companies for all monies paid by consumers to those companies that we process. As we continue to develop our mobile payment business, we expect that revenues will continue to grow.

Cost of Revenue

The following table sets forth the Company's cost of revenue for the periods indicated:

	For the Nine Months Ended	
	November 30, 2020	November 30, 2019
Telecommunication Products & Services	$ 928,451	$ 1,513,799
SMS & MMS Business	$ 9,143,765	$ 3,425,865
Total Cost of Revenue	*$ 10,072,216*	*$ 4,939,664*

We recorded $10,072,216 in costs of revenue for the nine months period ended November 30, 2020, an increase of $5,132,552 or 104%, compared to the nine months period ended November 30, 2019. As previously mentioned, we principally earn revenue by providing mobile payment and recharge services to customers of telecommunications companies in China. To earn this revenue, we incur certain customer acquisition costs, including discounts to our customers and promotional expenses, which is reflected in our cost of revenue.

Gross profit (loss)

Our gross profit for the nine months period ended November 30, 2020 was $1,173,373, an increase of $447,558 or 62%, compared to the nine months period ended November 30, 2019. This increase in gross profit resulted from higher revenue and margin for the period.

Amortization & Depreciation

We recorded depreciation of $53,351 for fixed assets for the nine months period ended November 30, 2020, an increase of $19,151 or 56%, compared to the nine months period ended November 30, 2019. This increase resulted in purchase of equipment and investment in platforms.

General & Administrative Expenses

The following table sets forth the Company's general and administrative expenses for the periods indicated:

	For the Nine Months Ended	
	November 30, 2020	November 30, 2019
Accounting	$ 41,995	$ 115,368
Consulting	$ 844,805	$ 702,951
Entertainment	$ 98,264	$ 193,516
IT	$ 62,408	$ —
Rent	$ 86,431	$ 58,209
Salaries and Wages	$ 982,735	$ 587,990
Technical Fee	$ 25,197	$ —
Others	$ 236,731	$ 218,764
Total G&A Expenses	*$ 2,378,566*	*$ 1,876,798*

We recorded $2,378,566 in general and administrative expenses for the nine months period ended November 30, 2020, an increase of $501,768 or 27%, compared to the nine months period ended November 30, 2019. The increase of consulting, and staff salaries are principally the result of the building of our mobile payment and SMS businesses.

Marketing Cost

The following table sets forth the Company's marketing cost for the periods indicated:

	For the Nine Months Ended	
	November 30, 2020	November 30, 2019
Marketing Cost	$ 268,216	$ —

We incurred fees of $268,216 in marketing cost for the nine months period ended November 30, 2020 for our telecommunication products and services business.

Research & Development

The following table sets forth the Company's research & development for the periods indicated:

	For the Nine Months Ended	
	November 30, 2020	November 30, 2019
Research & Development – Big Data	$ 351,867	$ 280,615

We incurred fees of $351,867 in research & development for the nine months period ended November 30, 2020 as compared to $280,615for the nine months period ended November 30, 2019. The increase of $71,252 or 25% was due to increase in headcount for the Research & Development team and higher data access and usage fee charged by the telecommunications company

The Insurtech division of Finger Motion that focus on consumer behavioral insights extraction for the purpose of risk assessment. Insights are derived from various data sources with the primary sources being the telecommunication data. The initial phase of business application is to focus on insurance industry particularly in the area of underwriting risk rating, complementary claims adjudication and assessment, and risk segmentation & market penetration.

This division comprises of experienced actuaries, data scientists and computer programmers.

The expenses for research & development include associated wages and salaries, data access fees and IT infrastructure.

The 1st stage of prototyping on Phase 1 - analytical framework and business applications have been completed and target to commercialize by mid of 2021.

Share Compensation Expenses

The following table sets forth the Company's share compensation expenses for the periods indicated:

	For the Nine Months Ended	
	November 30, 2020	November 30, 2019
Share compensation expenses	$ 272,717	$ 889,287

We incurred fees of $272,717 in share issuance for consultants in consideration of the services which have been provided to the company for the nine months period ended November 30, 2020 as compared to $889,287 for the nine months period ended November 30, 2019.

Operating Expenses

We recorded $3,324,717 in operating expenses for the nine months period ended November 30, 2020, as compared to $3,080,900 in operating expenses for the nine months period ended November 30, 2019. The increase of $243,817 or 8%, for the nine months period ended November 30, 2020 is as set forth above.

Net Loss from Operations

As a result of the foregoing, our net loss for the nine month period ended November 30, 2020 was $2,151,344, a decrease of $203,741 or 9%, compared to the nine month period ended November 30, 2019.

Liquidity and Capital Resources

At November 30, 2020, we had cash and cash equivalents of $989,103 as compared to cash and cash equivalents of $102,919 at February 29, 2020. In order for us to continue to operate our mobile payment business, we must deposit funds with our telecommunication companies from time to time in order to obtain access to the mobile data and talk-time we make available to consumers on our portal. Accordingly, the amount of cash we have on hand fluctuates significantly from period to period. The Company otherwise does not have any planned capital expenditures and has historically funded its operations from revenues and sales of securities, including convertible debt securities. We believe that our cash on hand, cash equivalents and short-term investments, along with our revenues from operations, will fund our projected operating requirements, fund our current operations and repay our outstanding indebtedness, in each case, for at least the next 12 months. However, to grow our business substantially, we will need to increase the amount of funds we have deposited with the telecommunications companies for which we process mobile recharge payments. Accordingly, we expect to seek additional capital through public or private sales of our equity or debt securities, or both. We might also enter into financing arrangements with commercial banks or nontraditional lenders. We cannot provide investors with any assurance that we will be able to raise additional funding from the sale of our equity or debt securities, or both, in order to increase our deposits with our telecommunications company clients, or if available, that such funding will be on terms acceptable to us.

During the nine month period ended November 30, 2020, we raised 1,361,000 from the sale of shares of our common stock in private placement transactions exempt from the registration requirements of the Securities Act of 1933, which included common stock purchase warrants as part of some of the private placement offerings. In addition, we raised $1,654,207 from the loans to the Company during the nine month period ended November 30, 2020.

In addition, during the nine month period ended November 30, 2020, we received $1,345,999.50 from subscriptions for the purchase of 897,333 units (each, a "Unit") of the Company at a price of $1.50 per Unit from 17 individuals and 4 entities, which securities have not been issued as of November 30, 2020. Each Unit consists of one share of common stock and one common stock purchase warrant (each, a "Warrant") with each Warrant entitling the holder thereof to purchase one additional share of common stock (each, a "Warrant Share") at an exercise price of $3.00 per Warrant Share having an expiry date of two years form the date of issuance of the Warrants. Furthermore, during the nine month period ended November 30, 2020, we received $880,000 from subscriptions for the purchase of 440,000 shares of our common stock at a price of $2.00 per share from 12 individuals, which securities have not been issued as of November 30, 2020.

Statement of Cashflows

The following table provides a summary of cash flows for the periods presented:

	For the Nine Months Ended	
	November 30, 2020	November 30, 2019
Net cash used in operating activities	$ (4,133,370)	$ (1,581,076)
Net cash used in investing activities	$ (320,629)	$ (16,291)
Net cash provided by financing activities	$ 5,226,207	$ 910,729
Effect of exchange rates on cash & cash equivalents	$ 113,976	$ (7,261)
Net (decrease) increase in cash and cash equivalents	$ 886,184	$ (693,899)

Cash Flow used in Operating Activities

Net cash used in operating activities increased by $2,552,294 in the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019, primarily due to increase in accounts payable of $386,507 (November 30, 2019 : $1,342,326), decrease in prepayment and deposit of $814,310 (November 30, 2019 : ($821,236)) offset by an increase in accounts receivable of ($1,382,141) (November 30, 2019: ($1,461,642)), increase in other receivable of ($1,278,777) (November 30, 2019: ($359,441)), increase in inventories of ($1,380) (November 30, 2019: $Nil), decrease in accrual and other payable of ($66,702) (November 30, 2019: $1,808,777), decrease in due to related parties of ($687,515) (November 30, 2019: ($674,584)) and decrease in lease liability of ($17,797) (November 30, 2019: $322).

Cash Flow used in Investing Activities

During the nine months period ended November 30, 2020, investing activities increased by $304,338 compared to the nine months period ended November 30, 2019, mainly due to the increase in the purchase of equipment and investment in platforms.

Cash Flow provided by Financing Activities

During the nine months period ended November 30, 2020, financing activities increased by $4,315,478 compared to the nine months period ended November 30, 2019, primarily due to loan from non-controlling stockholder and proceeds from issuance of shares of our common stock.

Trends and Uncertainties

The impact of Coronavirus (COVID-19)

The Company has analyzed its operations and has found that the impact of COVID-19 on the Company is minimal. As the PRC has been reopening with more businesses and the enforcing on strict controls by the PRC Government on the containment of the spread of this virus since March, the Company's business is expected to continually improve for the fiscal year 2021. However, there will be a possibility that the outbreak may worsen at a later point in time where it may impact the growth of the business, all of which are uncertain and cannot be predicted at this point.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Subsequent Events

On January 13, 2021, we issued 1,604,334 units (each, a "Unit") to 28 individuals and five entities due to the closing of our private placement at $1.50 per Unit for gross proceeds of $2,406,501. Each Unit consists of one share of our common stock and one common stock purchase warrant (each, a "Warrant") with each Warrant entitling the holder thereof to purchase one additional share of our common stock (each, a "Warrant Share") at an exercise price of $3.00 per Warrant Share having an expiry date of two years from the date of issuance of the Warrants.

On January 13, 2021, we issued 534,500 shares of our common stock to 16 individuals due to the closing of our private placement at $2.00 per share for gross proceeds of $1,069,000.

On January 13, 2021, we issued 500,000 shares of our common stock to one individual pursuant to the conversion of the outstanding convertible note at a price of $2.00 per share.

On January 13, 2021, we issued 34,103 shares of our common stock to one entity pursuant to a marketing services agreement at a deemed price of $3.90 per share.

On January 14, 2021, we issued 5,000 shares of our common stock to one individual pursuant to a consulting agreement at a deemed price of $2.00 per share.

Critical Accounting Policies

For a complete summary of all of our significant accounting policies refer to Note 2: Summary of Principal Accounting Policies of the Notes to the Consolidated Financial Statements as presented under Item 8, Financial Statements and Supplementary Data in our Annual Report on Form 10-K for our fiscal year ended February 29, 2020.

Refer to "Critical Accounting Policies" under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for our fiscal year ended February 29, 2020.

Recently Issued Accounting Pronouncements

The Company does not believe recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4 – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), as of November 30, 2020. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of our disclosure controls and procedures as of November 30, 2020, our Chief Executive Officer and Chief Financial Officer concluded that due to the existence of material weaknesses in our internal controls over financial reporting, as discussed in more detail in our Annual Report on Form 10-K for the year ended February 29, 2020, our disclosure controls and procedures were not completely effective as of November 30, 2020. Management has continued to monitor the implementation of the remediation plan described below.

Material Weakness

As previously disclosed in our Annual Report on Form 10-K for the year ended February 29, 2020, management concluded that material weaknesses existed in our internal control over financial reporting. Specifically, we determined that:

- We did not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act, which is applicable to us as a reporting company.

- We have limited segregation of duties and oversight of work performed as well as lack of compensating controls in the Company's finance and accounting functions due to limited personnel. As a result, segregation of all conflicting duties may not always be possible and may not be economically feasible. Furthermore, we cannot provide reasonable assurance that receipts and expenditures are being made only in accordance with management and director authorization. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals.

- Certain control procedures were unable to be verified due to performance not being sufficiently documented.

In order to remediate the documented material weaknesses, management has begun implementing the following corrective measures:

- management has drafted and continues to revise a Corporate Governance Policy that will further align the Company's governance procedures with the requirements noted in the Sarbanes-Oxley Act; and

- management has also drafted a revised Code of Conduct, which reflects the overall corporate principles, policies and values that will also provide the overall guidance for the control procedures.

Management is committed to improving our internal control processes and believes that the measures described above should remediate the material weaknesses identified and strengthen internal control over financial reporting. As we continue to evaluate and improve internal control over financial reporting, additional measures to remediate the material weaknesses or modifications to certain of the remediation procedures described above may be necessary. The material weaknesses will not be considered remediated until the applicable remediated controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Notwithstanding the material weaknesses in our internal control over financial reporting, we believe that our consolidated financial statements contained in this Quarterly Report on Form 10-Q fairly present our financial position, results of operations and cash flows for the period covered thereby.

Change in Internal Control over Financial Reporting

Other than the implementation of the remediation efforts set forth above, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) during the fiscal quarter ended November 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

The Company is not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, affiliates or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

ITEM 1A. RISK FACTORS

In addition to the information contained in our Annual Report on Form 10-K for the fiscal year ended February 29, 2020, and this Quarterly Report on Form 10-Q, we have identified the following material risks and uncertainties which reflect our outlook and conditions known to us as of the date of this Quarterly Report. These material risks and uncertainties should be carefully reviewed by our stockholders and any potential investors in evaluating the Company, our business and the market value of our common stock. Furthermore, any one of these material risks and uncertainties has the potential to cause actual results, performance, achievements or events to be materially different from any future results, performance, achievements or events implied, suggested or expressed by any forward-looking statements made by us or by persons acting on our behalf. Refer to "Cautionary Note Regarding Forward-looking Statements" as disclosed in our Annual Report on Form 10-K for the fiscal year ended February 29, 2020.

There is no assurance that we will be successful in preventing the material adverse effects that any one or more of the following material risks and uncertainties may cause on our business, prospects, financial condition and operating results, which may result in a significant decrease in the market price of our common stock. Furthermore, there is no assurance that these material risks and uncertainties represent a complete list of the material risks and uncertainties facing us. There may be additional risks and uncertainties of a material nature that, as of the date of this Quarterly Report, we are unaware of or that we consider immaterial that may become material in the future, any one or more of which may result in a material adverse effect on us. You could lose all or a significant portion of your investment due to any one of these material risks and uncertainties.

Risks Related to the Business

We have a limited operating history and, as a result, our past results may not be indicative of future operating performance.

We have a limited operating history, which makes it difficult to forecast our future results. You should not rely on our past results of operations as indicators of future performance. You should consider and evaluate our prospects in light of the risks and uncertainty frequently encountered by companies like ours.

If we fail to address the risks and difficulties that we face, including those described elsewhere in this "*Risk Factors*" section, our business, financial condition and results of operations could be adversely affected. Further, because we have limited historical financial data and operate in an evolving market, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

We have a history of net losses and we may not be able to achieve or maintain profitability in the future.

For all annual periods of our operating history we have experienced net losses. We generated a net loss of approximately $2.24 million during the nine months period ended November 30, 2020 and net losses of approximately $3.0 million, $2.9 million and $1.8 million for the years ended February 28, 2020, 2019 and 2018, respectively. As of November 30, 2020 and February 29, 2020, we had an accumulated deficit of approximately $10.07 million and $7.8 million, respectively. We have not achieved profitability, and we may not realize sufficient revenue to achieve profitability in future periods. Our expenses will likely increase in the future as we develop and launch new offerings and platform features, expand in existing and new markets, increase our sales and marketing efforts and continue to invest in our platform. These efforts may be more costly than we expect and may not result in increased revenue or growth in our business. If we are unable to generate adequate revenue growth and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or maintain profitability.

If we fail to effectively manage our growth, our business, financial condition and results of operations could be adversely affected.

We are currently experiencing growth in our business. This expansion increases the complexity of our business and has placed, and will continue to place, strain on our management, personnel, operations, systems, technical performance, financial resources and internal financial control and reporting functions. Our ability to manage our growth effectively and to integrate new employees, technologies and acquisitions into our existing business will require us to continue to expand our operational and financial infrastructure and to continue to retain, attract, train, motivate and manage employees. Continued growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel and maintain user satisfaction. Additionally, if we do not effectively manage the growth of our business and operations, the quality of our offerings could suffer, which could negatively affect our reputation and brand, business, financial condition and results of operations.

The impact of the novel coronavirus (COVID-19) pandemic on the global economy, our operations and consumer demand for consumer goods and services remains uncertain, which could have a material adverse impact on our business, results of operations and financial condition and on the market price of our common shares.

In December 2019, a strain of novel coronavirus (now commonly known as COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States, Canada and China, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19. Although our operating subsidiaries and contractually controlled entity report that its operations have not been materially affected at this point, significant uncertainty remains as to the potential impact of the COVID-19 pandemic on our operations and on the global economy as a whole. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. The COVID-19 pandemic has resulted in significant financial market volatility and uncertainty in recent weeks. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on our ability to access capital, on our business, results of operations and financial condition, on the market price of our common shares, and on consumer demand for consumer services, including those offered by our Company.

We depend on our key personnel and other highly skilled personnel, and if we fail to attract, retain, motivate or integrate our personnel, our business, financial condition and results of operations could be adversely affected.

Our success depends in part on the continued service of our founders, senior management team, key technical employees and other highly skilled personnel and on our ability to identify, hire, develop, motivate, retain and integrate highly qualified personnel for all areas of our organization. We may not be successful in attracting and retaining qualified personnel to fulfill our current or future needs. Our competitors may be successful in recruiting and hiring members of our management team or other key employees, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms or at all. If we are unable to attract and retain the necessary personnel, particularly in critical areas of our business, we may not achieve our strategic goals.

Our concentration of earnings from two telecommunications companies may have a material adverse affect on our financial condition and results of operations.

We currently derive substantially all of our revenue from the rebates we earn from China Unicom and China Mobile as a result of our processing payments for these telecommunications companies' consumers for mobile date and talk time. If we were to lose the business of one or both of these mobile telecommunications companies, if either were to fail to fulfill its obligations to us, if either were to experience difficulty in paying rebates to us on a timely basis, if either negotiated lower pricing terms, or if either increased the number of licensed payment portals it permits to process its payments, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. Additionally, we cannot guarantee that the volume of revenue we earn from China Unicom and China Mobile will remain consistent going forward. Any substantial change in our relationships with either China Unicom or China Mobile, or both, whether due to actions by our competitors, regulatory authorities, industry factors or otherwise, could have a material adverse effect on our business, financial condition and results of operations.

Any actual or perceived security or privacy breach could interrupt our operations, harm our brand and adversely affect our reputation, brand, business, financial condition and results of operations.

Our business involves the processing and transmission of our users' personal and other sensitive data. Because techniques used to obtain unauthorized access to or to sabotage information systems change frequently and may not be known until launched against us, we may be unable to anticipate or prevent these attacks. Unauthorized parties may in the future gain access to our systems or facilities through various means, including gaining unauthorized access into our systems or facilities or those of our service providers, partners or users on our platform, or attempting to fraudulently induce our employees, service providers, partners, users or others into disclosing names, passwords, payment information or other sensitive information, which may in turn be used to access our information technology systems, or attempting to fraudulently induce our employees, partners or others into manipulating payment information, resulting in the fraudulent transfer of funds to criminal actors. In addition, users on our platform could have vulnerabilities on their own mobile devices that are entirely unrelated to our systems and platform, but could mistakenly attribute their own vulnerabilities to us. Further, breaches experienced by other companies may also be leveraged against us. For example, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. Certain efforts may be state-sponsored or supported by significant financial and technological resources, making them even more difficult to detect.

Although we have developed systems and processes that are designed to protect our users' data, prevent data loss and prevent other security breaches, these security measures cannot guarantee security. Our information technology and infrastructure may be vulnerable to cyberattacks or security breaches; also, employee error, malfeasance or other errors in the storage, use or transmission of personal information could result in an actual or perceived privacy or security breach or other security incident.

Any actual or perceived breach of privacy or security could interrupt our operations, result in our platform being unavailable, result in loss or improper disclosure of data, result in fraudulent transfer of funds, harm our reputation and brand, damage our relationships with third-party partners, result in significant legal, regulatory and financial exposure and lead to loss of confidence in, or decreased use of, our platform, any of which could adversely affect our business, financial condition and results of operations. Any breach of privacy or security impacting any entities with which we share or disclose data (including, for example, our third-party providers) could have similar effects.

Additionally, defending against claims or litigation based on any security breach or incident, regardless of their merit, could be costly and divert management's attention. We cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our reputation, brand, business, financial condition and results of operations.

Systems failures and resulting interruptions in the availability of our platform or offerings could adversely affect our business, financial condition and results of operations.

Our systems, or those of third parties upon which we rely, may experience service interruptions or degradation because of hardware and software defects or malfunctions, distributed denial-of-service and other cyberattacks, human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses, ransomware, malware or other events. Our systems also may be subject to break-ins, sabotage, theft and intentional acts of vandalism, including by our own employees. Some of our systems are not fully redundant and our disaster recovery planning may not be sufficient for all eventualities. Our business interruption insurance may not be sufficient to cover all of our losses that may result from interruptions in our service as a result of systems failures and similar events.

We have not experienced any system failures or other events or conditions that have interrupted the availability or reduced or affected the speed or functionality of our offerings. These events, were they to occur in the future, could adversely affect our business, reputation, results of operations and financial condition.

The successful operation of our business depends upon the performance and reliability of Internet, mobile, and other infrastructures that are not under our control.

Our business depends on the performance and reliability of Internet, mobile and other infrastructures that are not under our control. Disruptions in Internet infrastructure or the failure of telecommunications network operators to provide us with the bandwidth we need to provide our services and offerings could interfere with the speed and availability of our platform. If our platform is unavailable when platform users attempt to access it, or if our platform does not load as quickly as platform users expect, platform users may not return to our platform as often in the future, or at all, and may use our competitors' products or offerings more often. In addition, we have no control over the costs of the services provided by national telecommunications operators. If mobile Internet access fees or other charges to Internet users increase, consumer traffic may decrease, which may in turn cause our revenue to significantly decrease.

Our business depends on the efficient and uninterrupted operation of mobile communications systems. The occurrence of an unanticipated problem, such as a power outage, telecommunications delay or failure, security breach or computer virus could result in delays or interruptions to our services, offerings and platform, as well as business interruptions for us and platform users. Furthermore, foreign governments may leverage their ability to shut down directed services, and local governments may shut down our platform at the routing level. Any of these events could damage our reputation, significantly disrupt our operations, and subject us to liability, which could adversely affect our business, financial condition and operating results. We have invested significant resources to develop new products to mitigate the impact of potential interruptions to mobile communications systems, which can be used by consumers in territories where mobile communications systems are less efficient. However, these products may ultimately be unsuccessful.

We may be subject to claims, lawsuits, government investigations and other proceedings that may adversely affect our business, financial condition and results of operations.

We may be subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings as our business grows and as we deploy new offerings, including proceedings related to our products or our acquisitions, securities issuances or business practices. The results of any such claims, lawsuits, arbitration proceedings, government investigations or other legal or regulatory proceedings cannot be predicted with certainty. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention and divert significant resources. Determining reserves for litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that such proceedings could result in substantial damages, settlement costs, fines and penalties that could adversely affect our business, financial condition and results of operations. These proceedings could also result in harm to our reputation and brand, sanctions, consent decrees, injunctions or other orders requiring a change in our business practices. Any of these consequences could adversely affect our business, financial condition and results of operations. Furthermore, under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses on behalf of our business and commercial partners and current and former directors and officers.

We may require additional funding to support our business.

To grow our business, FingerMotion currently looks to take advantage of the immense mobile phone payment market, estimated at a monthly gross transaction volume (GTV) is estimated at US$153 billion in 2019 and is expected to increase to US$165 billion by 2024 (source: https://telecomstechnews.com/news/2019/nov/21/total-mobile-service-revenue-china-hit-165bn-end-2024-reveals-globaldata/). For the Company to continue to grow, the deposit with the Telecoms needs to increase, as the GTV we process is dependent on the size of the deposit we have with each Telecom. We will likely need to raise additional capital to materially increase the amounts of these deposits. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to those of our common stock, and our existing stockholders may experience dilution. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We cannot be certain that additional funding will be available to us on favorable terms, or at all. If we are unable to obtain adequate funding or funding on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited, and our business, financial condition and results of operations could be adversely affected.

Claims by others that we infringed their proprietary technology or other intellectual property rights could harm our business.

Companies in the Internet and technology industries are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. In addition, certain companies and rights holders seek to enforce and monetize patents or other intellectual property rights they own, have purchased or otherwise obtained. As we gain a public profile and the number of competitors in our market increases, the possibility of intellectual property rights claims against us grows. From time to time, third parties may assert claims of infringement of intellectual property rights against us. Many potential litigants, including some of our competitors and patent-holding companies, have the ability to dedicate substantial resources to assert their intellectual property rights. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim, could distract our management from our business and could require us to cease use of such intellectual property. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. We may be required to pay substantial damages, royalties or other fees in connection with a claimant securing a judgment against us, we may be subject to an injunction or other restrictions that prevent us from using or distributing our intellectual property, or we may agree to a settlement that prevents us from distributing our offerings or a portion thereof, which could adversely affect our business, financial condition and results of operations.

With respect to any intellectual property rights claim, we may have to seek out a license to continue operations found to be in violation of such rights, which may not be available on favorable or commercially reasonable terms and may significantly increase our operating expenses. Some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its intellectual property on reasonable terms, or at all, we may be required to develop alternative, non-infringing technology, which could require significant time (during which we would be unable to continue to offer our affected offerings), effort and expense and may ultimately not be successful. Any of these events could adversely affect our business, financial condition and results of operations.

Risks Related to Our Securities

Our stock has limited liquidity.

Our common stock trades on the OTCQB operated by OTC Markets Group Inc. Trading volume in our shares may be sporadic and the price could experience volatility. If adverse market conditions exist, you may have difficulty selling your shares.

The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, including the following:

- actual or anticipated fluctuations in our operating results;
- changes in financial estimates by securities analysts or our failure to perform in line with such estimates;
- changes in market valuations of other companies, particularly those that market services such as ours;
- announcements by us or our competitors of significant innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- introduction of product enhancements that reduce the need for our products; and
- departure of key personnel.

We do not intend to pay dividends for the foreseeable future.

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price and trading volume of our common stock could decline.

The trading market for our common stock may depend in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competition. The analysts’ estimates are based upon their own opinions and are often different from our estimates or expectations. If one or more of the analysts who cover us downgrade our common stock, provide a more favorable recommendation about our competitors or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If few securities analysts commence coverage of us, or if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which might cause the price and trading volume of our common stock to decline.

We are subject to federal legislation to protect investors against corporate fraud.

Federal legislation, such as the Sarbanes-Oxley Act of 2002 and the Dodd- Frank Act, has resulted in the adoption of various corporate governance measures designed to promote the integrity of the corporate management and the securities markets. Some of these measures have been adopted in response to legal requirements. Others have been adopted by companies in response to the requirements of national securities exchanges, such as the NYSE or the Nasdaq Stock Market, on which their securities are listed. Among the corporate governance measures that are required under the rules of national securities exchanges are those that address board of directors' independence, audit committee oversight and the adoption of a code of ethics.

We have not yet adopted any of these corporate governance measures such as an audit or other independent committees of our board of directors. Additionally, since our securities are not yet listed on a national securities exchange, we are not required to do so. If we expand our board membership in future periods to include independent directors, we may seek to establish an audit and other committees of our board of directors. It is possible that if we were to adopt some or all of these corporate governance measures, stockholders would benefit from somewhat greater assurances that internal corporate decisions were being made by disinterested directors and that policies had been implemented to define responsible conduct. For example, in the absence of audit, nominating and compensation committees comprised of at least a majority of independent directors, decisions concerning matters such as compensation packages to our senior officers and recommendations for director nominees are made by a majority of directors who have an interest in the outcome of the matters being decided. Prospective investors should consider our current lack of corporate governance measures in making their investment decisions.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

Our current controls and any new controls that we develop may become inadequate because of changes in the conditions in our business. Further, weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely adversely affect the market price of our common stock.

Our Common Shares may be categorized as "penny stock" if the market price falls below $5.00, which may make it more difficult for investors to buy and sell our Common Shares due to suitability requirements.

Our Common Shares may be categorized as "penny stock" if the market price of our Common Shares falls below $5.00. The SEC has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. The price of our Common Shares is significantly less than $5.00 per share. This designation imposes additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The penny stock rules require a broker-dealer buying securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities given the increased risks generally inherent in penny stocks. These rules may restrict the ability and/or willingness of brokers or dealers to buy or sell our Common Shares, either directly or on behalf of their clients, may discourage potential stockholders from purchasing our Common Shares, or may adversely affect the ability of stockholders to sell their shares.

Financial Industry Regulatory Authority ("FINRA") sales practice requirements may also limit a shareholder's ability to buy and sell our Common Shares, which could depress the price of our Common Shares.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require a broker-dealer to have reasonable grounds for believing that the investment is suitable for that customer before recommending an investment to a customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives, and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. Thus, the FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our Common Shares, which may limit your ability to buy and sell our Common Shares, have an adverse effect on the market for our Common Shares, and thereby depress our price per Common Share.

Risks Related to the VIE Agreements

The PRC government may determine that the VIE Agreements are not in compliance with applicable PRC laws, rules and regulations

JiuGe Management manages and operates the mobile data business through JiuGe Technology pursuant to the rights its holds under the VIE Agreements. Almost all economic benefits and risks arising from JiuGe Technology's operations are transferred to JiuGe Management under these agreements.

There are risks involved with the operation of our business in reliance on the VIE Agreements, including the risk that the VIE Agreements may be determined by PRC regulators or courts to be unenforceable. Our PRC counsel has provided a legal opinion that the VIE Agreements are binding and enforceable under PRC law, but has further advised that if the VIE Agreements were for any reason determined to be in breach of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such breach, including:

- imposing economic penalties;
- discontinuing or restricting the operations of JiuGe Technology or JiuGe Management;
- imposing conditions or requirements in respect of the VIE Agreements with which JiuGe Technology or JiuGe Management may not be able to comply;
- requiring our company to restructure the relevant ownership structure or operations;

- taking other regulatory or enforcement actions that could adversely affect our company's business; and

- revoking the business licenses and/or the licenses or certificates of JiuGe Management, and/or voiding the VIE Agreements.

Any of these actions could adversely affect our ability to manage, operate and gain the financial benefits of JiuGe Technology, which would have a material adverse impact on our business, financial condition and results of operations.

Our ability to manage and operate JiuGe Technology under the VIE Agreements may not be as effective as direct ownership.

We conduct our mobile data business in the PRC and generate virtually all of our revenues through the VIE Agreements. Our plans for future growth are based substantially on growing the operations of JiuGe Technology. However, the VIE Agreements may not be as effective in providing us with control over JiuGe Technology as direct ownership. Under the current VIE arrangements, as a legal matter, if JiuGe Technology fails to perform its obligations under these contractual arrangements, we may have to (i) incur substantial costs and resources to enforce such arrangements, and (ii) rely on legal remedies under PRC law, which we cannot be sure would be effective. Therefore, if we are unable to effectively control JiuGe Technology, it may have an adverse effect on our ability to achieve our business objectives and grow our revenues.

As the VIE Agreements are governed by PRC law, we would be required to rely on PRC law to enforce our rights and remedies under them; PRC law may not provide us with the same rights and remedies as are available in contractual disputes governed by the law of other jurisdictions.

The VIE Agreements are governed by the PRC law and provide for the resolution of disputes through arbitral proceedings pursuant to PRC law. If JiuGe Technology or its shareholders fail to perform the obligations under the VIE Agreements, we would be required to resort to legal remedies available under PRC law, including seeking specific performance or injunctive relief, or claiming damages. We cannot be sure that such remedies would provide us with effective means of causing JiuGe Technology to meet its obligations or recovering any losses or damages as a result of non-performance. Further, the legal environment in China is not as developed as in other jurisdictions. Uncertainties in the application of various laws, rules, regulations or policies in PRC legal system could limit our liability to enforce the VIE Agreements and protect our interests.

The payment arrangement under the VIE Agreements may be challenged by the PRC tax authorities.

We generate our revenues through the payments we receive pursuant to the VIE Agreements. We could face adverse tax consequences if the PRC tax authorities determine that the VIE Agreements were not entered into based on arm’s length negotiations. For example, PRC tax authorities may adjust our income and expenses for PRC tax purposes which could result in our being subject to higher tax liability or cause other adverse financial consequences.

Shareholders of JiuGe Technology have potential conflicts of interest with our company which may adversely affect our business.

Li Li is the CEO, director and is also the shareholder of JiuGe Technology. There could be conflicts that arise from time to time between our interests and the interests of Ms. Li. There could also be conflicts that arise between us and JiuGe Technology that would require our shareholders and JiuGe Technology’s shareholders to vote on corporate actions necessary to resolve the conflict. There can be no assurance in any such circumstances that Ms. Li will vote her shares in our best interest or otherwise act in the best interests of our company. If Ms. Li fails to act in our best interests, our operating performance and future growth could be adversely affected.

We rely on the approval certificates and business license held by JiuGe Management and any deterioration of the relationship between JiuGe Management and JiuGe Technology could materially and adversely affect our business operations.

We operate our mobile data business in China on the basis of the approval certificates, business license and other requisite licenses held by JiuGe Management and JiuGe Technology. There is no assurance that JiuGe Management and JiuGe Technology will be able to renew their licenses or certificates when their terms expire with substantially similar terms as the ones they currently hold.

Further, our relationship with JiuGe Technology is governed by the VIE Agreements that are intended to provide us with effective control over the business operations of JiuGe Technology. However, the VIE Agreements may not be effective in providing control over the application for and maintenance of the licenses required for our business operations. JiuGe Technology could violate the VIE Agreements, go bankrupt, suffer from difficulties in its business or otherwise become unable to perform its obligations under the VIE Agreements and, as a result, our operations, reputations and business could be severely harmed.

If JiuGe Management exercises the purchase option it holds over JiuGe Technology's share capital pursuant to the VIE Agreements, the payment of the purchase price could materially and adversely affect our financial position.

Under the VIE Agreements, JiuGe Technology's shareholders have granted JiuGe Management an option for the maximum period of time permitted by law to purchase all of the equity interest in JiuGe Technology at a price equal to one dollar or the lowest applicable price allowable by PRC laws and regulations. As JiuGe Technology is already our contractually controlled affiliate, JiuGe Management's exercising of the option would not bring immediate benefits to our company, and payment of the purchase prices could adversely affect our financial position.

Risks Related to Doing Business in China

Changes in China's political or economic situation could harm us and our operating results.

Economic reforms adopted by the Chinese government have had a positive effect on the economic development of the country, but the government could change these economic reforms or any of the legal systems at any time. This could either benefit or damage our operations and profitability. Some of the things that could have this effect are:

- Level of government involvement in the economy;
- Control of foreign exchange;
- Methods of allocating resources;
- Balance of payments position;
- International trade restrictions; and
- International conflict.

The Chinese economy differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development, or OECD, in many ways. For example, state-owned enterprises still constitute a large portion of the Chinese economy and weak corporate governance and a lack of flexible currency exchange policy still prevail in China. As a result of these differences, we may not develop in the same way or at the same rate as might be expected if the Chinese economy was similar to those of the OECD member countries.

Uncertainties with respect to the PRC legal system could limit the legal protections available to you and us.

We conduct substantially all of our business through our operating subsidiary and affiliate in the PRC. Our principal operating subsidiary and affiliate, JiuGe Management and JiuGe Technology, are subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to foreign-invested enterprises. The PRC legal system is based on written statutes, and prior court decisions may be cited for reference but have limited precedential value. Since 1979, a series of new PRC laws and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since the PRC legal system continues to evolve rapidly, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to you and us. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. In addition, most of our executive officers and all of our directors are not residents of the United States, and substantially all the assets of these persons are located outside the United States. As a result, it could be difficult for investors to effect service of process in the United States or to enforce a judgment obtained in the United States against our Chinese operations, subsidiary and affiliate.

You may have difficulty enforcing judgments against us.

We are a Delaware holding company, but Finger Motion (CN) Limited is a Hong Kong company, and our principal operating affiliate and subsidiary, JiuGe Technology and JiuGe Management, are located in the PRC. Most of our assets are located outside the United States and most of our current operations are conducted in the PRC. In addition, most of our directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons is located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons. It may also be difficult for you to enforce in U.S. courts judgments predicated on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, most of whom are not residents in the United States and the substantial majority of whose assets are located outside the United States. In addition, there is uncertainty as to whether the courts of the PRC would recognize or enforce judgments of U.S. courts. The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. Courts in China may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other arrangements that provide for the reciprocal recognition and enforcement of foreign judgments with the United States. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates basic principles of PRC law or national sovereignty, security or the public interest. Therefore, it is uncertain whether a PRC court would enforce a judgment rendered by a court in the United States.

The PRC government exerts substantial influence over the manner in which we must conduct our business activities.

The PRC government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Our ability to operate in China may be harmed by changes in its laws and regulations, including those relating to taxation, import and export tariffs, environmental regulations, land use rights, property and other matters. We believe that our operations in China are in material compliance with all applicable legal and regulatory requirements. However, the central or local governments of the jurisdictions in which we operate may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations.

Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof and could require us to divest ourselves of any interest we then hold in Chinese properties or joint ventures.

Future inflation in China may inhibit our ability to conduct business in China.

In recent years, the Chinese economy has experienced periods of rapid expansion and highly fluctuating rates of inflation. During the past ten years, the rate of inflation in China has been as high as 20.7% and as low as -2.2%. These factors have led to the adoption by the Chinese government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the Chinese government to impose controls on credit and/or prices, or to take other action, which could inhibit economic activity in China, and thereby harm the market for our products and our company.

Restrictions on currency exchange may limit our ability to receive and use our revenues effectively.

The majority of our revenues will be settled in Chinese Renminbi (RMB), and any future restrictions on currency exchanges may limit our ability to use revenue generated in RMB to fund any future business activities outside China or to make dividend or other payments in U.S. dollars. Although the Chinese government introduced regulations in 1996 to allow greater convertibility of the RMB for current account transactions, significant restrictions still remain, including primarily the restriction that foreign-invested enterprises may only buy, sell or remit foreign currencies after providing valid commercial documents, at those banks in China authorized to conduct foreign exchange business. In addition, conversion of RMB for capital account items, including direct investment and loans, is subject to governmental approval in China, and companies are required to open and maintain separate foreign exchange accounts for capital account items. We cannot be certain that the Chinese regulatory authorities will not impose more stringent restrictions on the convertibility of the RMB.

Fluctuations in exchange rates could adversely affect our business and the value of our securities.

The value of our common stock will be indirectly affected by the foreign exchange rate between U.S. dollars and RMB and between those currencies and other currencies in which our sales may be denominated. Appreciation or depreciation in the value of the RMB relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue that will be exchanged into U.S. dollars as well as earnings from, and the value of, any U.S. dollar-denominated investments we make in the future.

Since July 2005, the RMB is no longer pegged to the U.S. dollar. Although the People's Bank of China regularly intervenes in the foreign exchange market to prevent significant short-term fluctuations in the exchange rate, the RMB may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future PRC authorities may lift restrictions on fluctuations in the RMB exchange rate and lessen intervention in the foreign exchange market.

Very limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions. While we may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and we may not be able to successfully hedge our exposure at all. In addition, our foreign currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currencies.

Restrictions under PRC law on our PRC subsidiary's ability to make dividends and other distributions could materially and adversely affect our ability to grow, make investments or acquisitions that could benefit our business, pay dividends to our shareholders, and otherwise fund and conduct our businesses.

Substantially all of our revenues are earned by JiuGe Management, our PRC subsidiary. PRC regulations restrict the ability of our PRC subsidiary to make dividends and other payments to its offshore parent company. PRC legal restrictions permit payments of dividends by our PRC subsidiary only out of its accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. Our PRC subsidiary is also required under PRC laws and regulations to allocate at least 10% of our annual after-tax profits determined in accordance with PRC GAAP to a statutory general reserve fund until the amounts in said fund reaches 50% of our registered capital. Allocations to these statutory reserve funds can only be used for specific purposes and are not transferable to us in the form of loans, advances or cash dividends. Any limitations on the ability of our PRC subsidiary to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders to personal liability, limit our ability to acquire PRC companies or to inject capital into our PRC subsidiary or affiliate, limit our PRC subsidiary's and affiliate's ability to distribute profits to us or otherwise materially adversely affect us.

In October 2005, the Chinese State Administration of Foreign Exchange ("**SAFE**"), issued the Notice on Relevant Issues in the Foreign Exchange Control over Financing and Return Investment Through Special Purpose Companies by Residents Inside China, generally referred to as Circular 75, which required PRC residents to register with the competent local SAFE branch before establishing or acquiring control over an offshore special purpose company, or SPV, for the purpose of engaging in an equity financing outside of China on the strength of domestic PRC assets originally held by those residents. Internal implementing guidelines issued by SAFE, which became public in June 2007 (known as Notice 106), expanded the reach of Circular 75 by (1) purporting to cover the establishment or acquisition of control by PRC residents of offshore entities which merely acquire "control" over domestic companies or assets, even in the absence of legal ownership; (2) adding requirements relating to the source of the PRC resident's funds used to establish or acquire the offshore entity; covering the use of existing offshore entities for offshore financings; (3) purporting to cover situations in which an offshore SPV establishes a new subsidiary in China or acquires an unrelated company or unrelated assets in China; and (4) making the domestic affiliate of the SPV responsible for the accuracy of certain documents which must be filed in connection with any such registration, notably, the business plan which describes the overseas financing and the use of proceeds. Amendments to registrations made under Circular 75 are required in connection with any increase or decrease of capital, transfer of shares, mergers and acquisitions, equity investment or creation of any security interest in any assets located in China to guarantee offshore obligations and Notice 106 makes the offshore SPV jointly responsible for these filings. In the case of an SPV which was established, and which acquired a related domestic company or assets, before the implementation date of Circular 75, a retroactive SAFE registration was required to have been completed before March 31, 2006; this date was subsequently extended indefinitely by Notice 106, which also required that the registrant establish that all foreign exchange transactions undertaken by the SPV and its affiliates were in compliance with applicable laws and regulations. Failure to comply with the requirements of Circular 75, as applied by SAFE in accordance with Notice 106, may result in fines and other penalties under PRC laws for evasion of applicable foreign exchange restrictions. Any such failure could also result in the SPV's affiliates being impeded or prevented from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to the SPV, or from engaging in other transfers of funds into or out of China.

We have advised our shareholders who are PRC residents, as defined in Circular 75, to register with the relevant branch of SAFE, as currently required, in connection with their equity interests in us and our acquisitions of equity interests in our PRC subsidiary and affiliate. However, we cannot provide any assurances that their existing registrations have fully complied with, and they have made all necessary amendments to their registration to fully comply with, all applicable registrations or approvals required by Circular 75. Moreover, because of uncertainty over how Circular 75 will be interpreted and implemented, and how or whether SAFE will apply it to us, we cannot predict how it will affect our business operations or future strategies. For example, our present and prospective PRC subsidiary's and affiliate's ability to conduct foreign exchange activities, such as the remittance of dividends and foreign currency-denominated borrowings, may be subject to compliance with Circular 75 by our PRC resident beneficial holders. In addition, such PRC residents may not always be able to complete the necessary registration procedures required by Circular 75. We also have little control over either our present or prospective direct or indirect shareholders or the outcome of such registration procedures. A failure by our PRC resident beneficial holders or future PRC resident shareholders to comply with Circular 75, if SAFE requires it, could subject these PRC resident beneficial holders to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiary's and affiliate's ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

Under the New EIT Law, we may be classified as a "resident enterprise" of China. Such classification will likely result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the New EIT Law effective on January 1, 2008, an enterprise established outside China with "de facto management bodies" within China is considered a "resident enterprise," meaning that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the New EIT Law define de facto management as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise.

On April 22, 2009, the State Administration of Taxation issued the Notice Concerning Relevant Issues Regarding Cognizance of Chinese Investment Controlled Enterprises Incorporated Offshore as Resident Enterprises pursuant to Criteria of de facto Management Bodies, or the Notice, further interpreting the application of the New EIT Law and its implementation non-Chinese enterprise or group controlled offshore entities. Pursuant to the Notice, an enterprise incorporated in an offshore jurisdiction and controlled by a Chinese enterprise or group will be classified as a "non-domestically incorporated resident enterprise" if (i) its senior management in charge of daily operations reside or perform their duties mainly in China; (ii) its financial or personnel decisions are made or approved by bodies or persons in China; (iii) its substantial assets and properties, accounting books, corporate chops, board and shareholder minutes are kept in China; and (iv) at least half of its directors with voting rights or senior management often resident in China. A resident enterprise would be subject to an enterprise income tax rate of 25% on its worldwide income and must pay a withholding tax at a rate of 10% when paying dividends to its non-PRC shareholders. However, it remains unclear as to whether the Notice is applicable to an offshore enterprise incorporated by a Chinese natural person. Nor are detailed measures on imposition of tax from non-domestically incorporated resident enterprises are available. Therefore, it is unclear how tax authorities will determine tax residency based on the facts of each case.

Given the above conditions, although unlikely, we may be deemed to be a resident enterprise by Chinese tax authorities. If the PRC tax authorities determine that we are a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we may be subject to the enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income such as interest on financing proceeds and non-China source income would be subject to PRC enterprise income tax at a rate of 25%. Second, although under the New EIT Law and its implementing rules dividends paid to us from our PRC subsidiary would qualify as "tax-exempt income," we cannot guarantee that such dividends will not be subject to a 10% withholding tax, as the PRC foreign exchange control authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes. Finally, it is possible that future guidance issued with respect to the new "resident enterprise" classification could result in a situation in which a 10% withholding tax is imposed on dividends we pay to our non-PRC shareholders and with respect to gains derived by our non-PRC shareholders from transferring our shares. We are actively monitoring the possibility of "resident enterprise" treatment.

If we were treated as a "resident enterprise" by PRC tax authorities, we would be subject to taxation in both the U.S. and China, and our PRC tax may not be creditable against our U.S. tax.

We may be exposed to liabilities under the Foreign Corrupt Practices Act and Chinese anti-corruption laws, and any determination that we violated these laws could have a material adverse effect on our business.

We are subject to the Foreign Corrupt Practice Act, or FCPA, and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. persons and issuers as defined by the statute, for the purpose of obtaining or retaining business. We have operations, agreements with third parties and we earn the majority of our revenue in China. PRC also strictly prohibits bribery of government officials. Our activities in China create the risk of unauthorized payments or offers of payments by our executive officers, employees, consultants, sales agents or other representatives of our Company, even though they may not always be subject to our control. It is our policy to implement safeguards to discourage these practices by our employees. However, our existing safeguards and any future improvements may prove to be less than effective, and the executive officers, employees, consultants, sales agents or other representatives of our Company may engage in conduct for which we might be held responsible. Violations of the FCPA or Chinese anti-corruption laws may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. In addition, the U.S. government may seek to hold our Company liable for successor liability FCPA violations committed by companies in which we invest or that we acquire.

Because our business is located in the PRC, we may have difficulty establishing adequate management, legal and financial controls, which we are required to do in order to comply with U.S. securities laws.

PRC companies have historically not adopted a Western style of management and financial reporting concepts and practices, which includes strong corporate governance, internal controls and, computer, financial and other control systems. Some of our staff is not educated and trained in the Western system, and we may have difficulty hiring new employees in the PRC with such training. As a result of these factors, we may experience difficulty in establishing management, legal and financial controls, collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices that meet Western standards. Therefore, we may, in turn, experience difficulties in implementing and maintaining adequate internal controls as required under Section 404 of the Sarbanes-Oxley Act of 2002. This may result in significant deficiencies or material weaknesses in our internal controls, which could impact the reliability of our financial statements and prevent us from complying with Commission rules and regulations and the requirements of the Sarbanes-Oxley Act of 2002. Any such deficiencies, weaknesses or lack of compliance could have a materially adverse effect on our business.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On October 2, 2020, we issued 700,000 shares of our common stock to four individuals and one entity pursuant to consulting agreements and management agreements at a deemed price of $0.21 per share. We relied upon the exemption from registration under the Securities Act provided by Rule 506(b) or Section 4(a)(2) of the Securities Act for the issuance of the shares to the one entity that is a U.S. person. In addition, we relied upon the exemption from registration under the Securities Act provided by Rule 903 of Regulation S promulgated under the Securities Act for the issuance of shares to the four individuals who are non-U.S. persons as the securities were issued to the individuals through offshore transactions which were negotiated and consummated outside of the United States.

ITEM 3 – DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable

ITEM 5 – OTHER INFORMATION

On January 13, 2021, we issued 1,604,334 units (each, a “Unit”) to 28 individuals and five entities due to the closing of our private placement at $1.50 per Unit for gross proceeds of $2,406,501. Each Unit consists of one share of our common stock and one common stock purchase warrant (each, a “Warrant”) with each Warrant entitling the holder thereof to purchase one additional share of our common stock (each, a “Warrant Share”) at an exercise price of $3.00 per Warrant Share having an expiry date of two years from the date of issuance of the Warrants. We relied upon the exemption from registration under the Securities Act provided by Rule 506(b) or Section 4(a)(2) of the Securities Act for the issuance of the Units to U.S. persons. In addition, we relied upon the exemption from registration under the Securities Act provided by Rule 903 of Regulation S promulgated under the Securities Act for the issuance of Units to non-U.S. persons as the securities were issued to the individuals/entities through offshore transactions which were negotiated and consummated outside of the United States.

On January 13, 2021, we issued 534,500 shares of our common stock to 16 individuals due to the closing of our private placement at $2.00 per share for gross proceeds of $1,069,000. We relied upon the exemption from registration under the Securities Act provided by Rule 903 of Regulation S promulgated under the Securities Act for the issuance of the shares to all 16 individuals who were non-U.S. persons as the securities were issued to the individuals through offshore transactions which were negotiated and consummated outside of the United States.

On January 13, 2021, we issued 500,000 shares of our common stock to one individual pursuant to the conversion of the outstanding convertible note at a price of $2.00 per share. We relied upon the exemption from registration under the Securities Act provided by Rule 903 of Regulation S promulgated under the Securities Act for the issuance of the shares to the non-U.S. person as the securities were issued to the individual through an offshore transaction which was negotiated and consummated outside of the United States.

On January 13, 2021, we issued 34,103 shares of our common stock to one entity pursuant to a marketing services agreement at a deemed price of $3.90 per share. We relied upon the exemption from registration under the Securities Act provided by Rule 903 of Regulation S promulgated under the Securities Act for the issuance of the shares to the non-U.S. person as the securities were issued to the individual through an offshore transaction which was negotiated and consummated outside of the United States.

On January 14, 2021, we issued 5,000 shares of our common stock to one individual pursuant to a consulting agreement at a deemed price of $2.00 per share. We relied upon the exemption from registration under the Securities Act provided by Rule 506(b) or Section 4(a)(2) of the Securities Act for the issuance of the shares to the individual who is a U.S. person.

ITEM 6 – EXHIBITS

The following exhibits are included with this Quarterly Report:

Exhibit	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).
31.2	Certification of Chief Executive Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).
32.1	Certifications pursuant to the Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FINGERMOTION, INC.

		/s/ Martin J. Shen
Date: January 14, 2021	By:	Martin J. Shen, Chief Executive Officer (Principal Executive Officer)