

EFT Solutions

2022 ANNUAL REPORT

EFT Solutions Holdings Limited

(incorporated in the Cayman Islands with limited liability)

HKEx Stock Code : 8062

**UPHOLDING PROFESSIONAL STANDARDS
ASPIRING DIVERSIFIED DEVELOPMENT**

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lo Chun Kit Andrew
(Chairman and Chief Executive Officer)
Mr. Lo Chun Wa

Non-executive Directors

Ms. Lam Ching Man
Mr. Lui Hin Weng Samuel

Independent Non-executive Directors

Dr. Wu Wing Kuen *B.B.S.*
Mr. Tso Ping Cheong Brian
Mr. Wong Ping Yiu

COMPLIANCE OFFICER

Mr. Lo Chun Wa

COMPANY SECRETARY

Mr. Li Man Ho

AUTHORISED REPRESENTATIVES

Mr. Lo Chun Kit Andrew
Mr. Li Man Ho

AUDIT COMMITTEE

Mr. Tso Ping Cheong Brian (*Chairman*)
Dr. Wu Wing Kuen *B.B.S.*
Mr. Wong Ping Yiu

REMUNERATION COMMITTEE

Mr. Wong Ping Yiu (*Chairman*)
Mr. Lo Chun Kit Andrew
Dr. Wu Wing Kuen *B.B.S.*

NOMINATION COMMITTEE

Mr. Lo Chun Kit Andrew (*Chairman*)
Mr. Wong Ping Yiu
Dr. Wu Wing Kuen *B.B.S.*

HONG KONG LEGAL ADVISER

Li & Partners
22/F, World-Wide House
Central, Hong Kong

AUDITOR

Elite Partners CPA Limited
10/F, 8 Observatory Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL BANK

Hang Seng Bank Limited
9/F, 83 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshops B1 & B3
11/F, Yip Fung Industrial Building
28-36 Kwai Fung Crescent
Kwai Chung, New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Link Market Services (Hong Kong) Pty Limited
Suite 1601, 16/F
Central Tower
28 Queen's Road Central
Hong Kong

STOCK CODE

8062

COMPANY WEBSITE

www.eftsolutions.com

FINANCIAL HIGHLIGHTS

For the year ended 31 March	2022 HK\$ million	2021 HK\$ million	+ / (-)
Revenue	103.7	104.0	(0.3%)
Gross profit	37.7	34.0	10.9%
Operating profit	13.4	29.9	(55.2%)
Profit before tax	13.4	29.2	(54.1%)
Profit for the year	10.7	26.7	(59.9%)
Profit attributable to the owners of the Company	10.4	26.5	(60.8%)

As at 31 March	2022 HK\$ million	2021 HK\$ million	+ / (-)
Total current assets	112.7	101.0	11.6%
Total assets	151.8	128.3	18.3%
Net current assets	82.1	88.2	(6.9%)
Total equity	120.3	114.5	5.1%

EARNINGS PER SHARE

For the year ended 31 March	2022 HK cents	2021 HK cents	+ / (-)
Earnings per share for profit attributable to the owners of the Company			
– Basic and Diluted	2.17	5.53	(60.8%)

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the board of directors (the “**Board**”) of the Company, I am pleased to present the annual report of the Group for the year ended 31 March 2022.

FOREWORD

EFT Solutions is a leading electronic fund transfer point-of-sales (“**EFT-POS**”) solution provider focusing on the sales of EFT-POS terminals and peripheral devices, and the provision of EFT-POS system support services and software solution services in Hong Kong. The Group positions itself as the bridge between EFT-POS terminal manufacturers and acquirers.

BUSINESS REVIEW

Being a leading EFT-POS solution provider, the Group has been introducing the latest and top-of-the-range EFT-POS terminals. The Group has also been consistent with upgrading system software and conducting regular maintenance and service upgrade. In addition, we are committed to providing reliable and efficient services for acquirers and merchants by enhancing hardware security and software technology.

During the financial year under review, the pandemic continued to change people's living and spending habits. The growth of the electronic payment industry in Hong Kong has been more vigorous; being driven by the emerging “stay-at-home economy” and the disbursement of the government's Consumption Vouchers through various electronic payment platforms. In the face of the rising number of electronic and mobile payment methods, the Group continues to procure the latest and top-of-the-range EFT-POS terminals from around the world, as well as renew and replace the terminals for acquirers and merchants to support the most comprehensive electronic payment functions. We strive to satisfy the industry's needs and improve merchants' operational efficiency by integrating a variety of electronic payment solutions and simplifying payment procedures.

During the year, the Group has spared no effort to maintain its system security. Our EFT-POS terminals and devices have complied with international standards, with the certification of the Payment Card Industry Data Security Standard (PCI DSS6, Payment Card Industry Data Security Standard Requirement 6), to achieve data protection.

To grasp the opportunities of Hong Kong evolving into a smart city, the Group has been adopting Software-as-a-Service (“**SaaS**”) model to enhance our services. With the SaaS model, we offer a wide range of services to assist customers in developing and operating their businesses, including tailoring software solutions to customers' needs, managing the software equipment required by customers in one-stop, reducing their R&D expenditure and increasing consumer loyalty.

PROSPECTS

The pandemic has plagued the world for over two years and has changed spending habits significantly. Driven by the Online-to-Offline sales pattern adopted by more and more merchants, the demand for Customer Relationship Management (CRM) has increased and is quickly becoming the new norm in the retail sector. In view of this, the Group will consolidate data from both online and offline channels and provide tailored sales services to different demographics, in order to help merchants to tackle the ever-changing operating environment.

Chairman's Statement

During the Financial Year under Review, growing demand for EFT-POS and electronic payment systems has been observed. Various electronic payment methods are emerging, making the industry increasingly competitive. Expecting a wave of industry adjustment within the year, the Group will enhance the devices with advanced technology in a timely manner to meet clients' needs. We will also actively participate in overseas smart city projects to seize global development opportunities.

With the increasing popularity of cashless payment, consumers have become more proficient in the use of electronic or mobile payment. The Group is committed to expanding the electronic payment landscape and providing more payment methods for acquirers, including integrating existing payment tools with online payment, developing business to customer (B2C) payment gateway and other electronic wallet services. Furthermore, we will continue to invest in bringing more EFT-POS related services and technologies to the market.

The Group values the contributions of every employee and we are devoted to offering them opportunities for further development to strengthen cohesion and loyalty. Here at EFT Solutions, we also value Environmental, Social and Governance (ESG). We spare no effort in environmental protection and social care to further support socially disadvantaged groups. At the same time, we continue to encourage our staff to take part in green activities and community services to create a more harmonious and friendly social atmosphere as well as a good corporate environment.

APPRECIATION

On behalf of the Board, I heartily thank our management team and the people of our Group for their commitment and salutary dedication, as well as to the shareholders of the Company, our valued customers, suppliers and business partners for their continuing trust and support throughout the year.

Lo Chun Kit Andrew

Chairman and Chief Executive Officer

Hong Kong, 24 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group has continued to take a leading position as an innovative EFT-POS solution provider focusing on sales of EFT-POS terminals and peripheral devices, the provision of EFT-POS system support services, software solution services and embedded system solution services in Hong Kong.

We are confident in positioning ourselves as a major link between EFT-POS terminal manufacturers and acquirers (i.e. acquiring bank or payment processor that processes credit or debit card payments on behalf of a merchant) to provide total EFT-POS solutions, which includes sales of EFT-POS terminals and peripheral devices services, as well as the development of software that comply with electronic payment standards acceptance certification, installation and ongoing maintenance and repair services of EFT-POS terminals.

The Group will continue to provide customised project-based software solution services so as to further capture the ongoing growing opportunities and expand our local market share in the EFT-POS terminal market. We will also continue to provide sales of EFT-POS terminals and peripheral devices services to acquirers and as well as merchants.

For the year ended 31 March 2022, the Group continued its efforts in developing the sales of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services, software solution services and embedded system solution services.

We expect there are ample opportunities for growth in provision of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services and software solution services under the rapid development on the digital payment market, especially the popularity of the QR code payment, Faster Payment System (“FPS”) and e-wallet payment system.

The Group will strive its best effort to achieve business growth and contribute our expertise to Hong Kong on its endeavor to transform itself into a smart city. The Group aims to further expand our market shares and strengthen our market position in EFT-POS sales, system support and software solution industries by increasing its capabilities and offering diverse and high quality one-stop integrated services.

However, the Group foresees the economic downturn due to the outbreak of COVID-19 in Hong Kong may have negative impact to our performance due to the possible decrease in the sales of EFT-POS terminals and peripheral devices and the number of EFT-POS terminals covered by our system support services. We will closely monitor the conditions and keep our Shareholders informed of material developments.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is exposed to various risks in the operations of the Group’s business and the Group believes that risk management is important to the Group’s success. Key operational risks faced by the Group include, among others, changes in general market conditions and ability to continue to attract and retain highly qualified technical and managerial staff with the appropriate technical expertise and knowledge of the electronic payment and software solution industry. The provision of our services relies heavily on the technical know-how and skill-set of such employees and their continued employment with us is therefore crucial to our business operations. To cope with staff turnover, we conduct continuous recruitment for high caliber candidates from university graduates in computer science with a view to train them up with technical knowledge in electronic payment and software solution industry.

Management Discussion and Analysis

FINANCIAL REVIEW

Overview

For the year ended 31 March 2022, the Group recorded revenue of approximately HK\$103.7 million which represented a decrease of approximately 0.3% as compared with approximately HK\$104.0 million for the year ended 31 March 2021.

Revenue

For sales of EFT-POS terminals and peripheral devices, revenue of approximately HK\$38.2 million and HK\$41.8 million were recognised for year ended 31 March 2022 and 2021, respectively, which represented a decrease of approximately 8.6% due to the decrease in number of EFT-POS terminals sold.

For provision of system support and software solution services, revenue of approximately HK\$65.5 million and HK\$62.2 million were recognised for year ended 31 March 2022 and 2021, respectively, which represented an increase of approximately 5.3% due to the increase of the provision of EFT-POS system support services.

Costs of Goods Sold and Services

Costs of goods sold and services primarily consisted of costs of inventories recognised as expense, cost of independent service providers, tools and consumables, salaries and benefits, freight and transportation, rent, local travelling and telephone and utilities expense. Costs of goods sold and services were approximately HK\$66.0 million and HK\$70.0 million for the year ended 31 March 2022 and 2021, respectively, which represented a decrease of approximately 5.7% due to decrease in costs of inventories sold and the development cost of software solutions projects.

Gross Profit and Gross Profit Margin

The overall gross profit was approximately HK\$37.7 million and HK\$34.0 million for the years ended 31 March 2022 and 2021, respectively, which represented an increase of approximately 10.9%.

The overall gross profit margin was approximately 36.3% and 32.7% for the years ended 31 March 2022 and 2021, respectively, which represented an increase of approximately 3.6%.

Such increase of gross profit was primarily due to the Group recorded increase of profit margin in the market of software solutions services in the current year.

Other Income

Other income were approximately HK\$0.06 million and HK\$19.2 million for the year ended 31 March 2022 and 2021, respectively, mainly represented the gain on disposal of associate, government grant, net exchange gain and delivery income. The significant decrease mainly due to the absence of the one-off income from disposal of associate and receipt of government subsidies under Anti-Epidemic Fund set up by Hong Kong Special Administrative Region during the year ended 31 March 2021.

Management Discussion and Analysis

Other Losses

Other losses were approximately HK\$2.7 million and HK\$5.7 million for the year ended 31 March 2022 and 2021, respectively, mainly represented the exchange losses and allowance of expected credit losses. The other losses were decreased mainly due to the decrease of the allowance of expected credit losses in the current year.

Staff Costs

Staff costs of approximately HK\$26.2 million and HK\$25.8 million were recorded for the years ended 31 March 2022 and 31 March 2021, respectively, which represented an increase of approximately 1.6%. The increase was mainly due to the increase of the staff salaries during the year.

Other Administrative Expenses

Other administrative expenses (excluding staff costs) comprised mainly auditor's remuneration, depreciation, amortisation of intangible assets, legal and professional fees and office expenses.

Other administrative expenses of approximately HK\$14.5 million and HK\$10.1 million were recorded for the years ended 31 March 2022 and 31 March 2021, respectively, which represented an increase of approximately 43.6% which due to the increase of depreciation of property, plant and equipment, amortisation of intangible assets and legal and professional fees incurred in the current year.

Finance Costs

Finance costs mainly represented interest on lease liabilities and interest expenses on bank borrowings.

Finance costs of approximately Nil and HK\$0.03 million were recorded for the years ended 31 March 2022 and 31 March 2021, respectively. The decrease is mainly due to the absence of the interest expenses on bank borrowing and interest on lease liabilities as the lease liabilities and bank borrowings are both absented during the year ended 31 March 2022.

Profit for the Period

The Group recorded profit of approximately HK\$10.7 million and HK\$26.7 million for the year ended 31 March 2022 and 31 March 2021, respectively, which represented a significant decrease of approximately 59.9%. It was mainly due to the absence of the one-off gain on disposal of associate and the receipt of government subsidies partially offset by the increase of administrative expenses.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralized and cash is generally deposited with major banks in Hong Kong and denominated mostly in Hong Kong dollars.

The Group has remained at a sound financial resource level. As at 31 March 2022, the Group had net current assets of approximately HK\$82.1 million (as at 31 March 2021: approximately HK\$88.2 million) including cash and bank balances of approximately HK\$56.4 million (as at 31 March 2021: approximately HK\$54.8 million). As at 31 March 2022, the gearing ratio (calculated on the basis of total bank borrowings and promissory notes divided by the total equity as at the end of the period) of the Group was Nil (as at 31 March 2021: Nil).

Management Discussion and Analysis

PLEDGE OF ASSETS

As at 31 March 2022, the Group did not have any pledged assets (as at 31 March 2021: Nil).

FOREIGN CURRENCY RISK

The Group's business activities are mainly in Hong Kong and are principally denominated in Hong Kong dollars and United States dollars. The Group currently does not have a foreign currency hedging policy. However, the Directors will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS, CAPITAL EXPENDITURES AND CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant capital commitments (as at 31 March 2021: HK\$8.4 million).

As at 31 March 2022, the Group did not have any significant capital expenditures (as at 31 March 2021: Nil).

As at 31 March 2022, the Group did not have any significant contingent liabilities (as at 31 March 2021: Nil).

CAPITAL STRUCTURE

As at 31 March 2022, the Group has Nil bank borrowings (2021: Nil).

Saved as disclosed above, there has been no change in the Company's capital structure during the year ended 31 March 2022. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in Note 7 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed 73 (2021: 78) full time employees (including Directors). We determine the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND CAPITAL ASSETS

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets as at 31 March 2022 and up to the date of this report.

PLANS FOR MATERIAL INVESTMENTS AND ACQUISITIONS

Save as disclosed elsewhere in this report, the Group did not have any plans for material investments and acquisitions as at 31 March 2022 and up to the date of this report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Chun Kit Andrew (“Mr. Lo”), aged 47, was appointed as the chairman of the Board (“**Chairman**”), an executive Director and the chief executive officer of the Company (“**CEO**”) in June 2016. Mr. Lo is also the chairman of the Nomination Committee. He is one of the founders of the Group and has been appointed as a director of EFT Solutions Limited (“**EFT**”), a wholly-owned subsidiary of the Company, since August 2008. Mr. Lo is currently responsible for supervising the overall corporate strategic planning, business development and major decision-making of the Group as well as the daily operation and management of the Group. Mr. Lo obtained a bachelor’s degree in science from The University of Western Ontario in Canada in June 1996. Mr. Lo is experienced in electronic payment solutions having over 23 years of experience in the industry with 9 years accumulated in Ingenico International (Pacific) Pty Limited responsible for electronic payment solution development in Hong Kong and for taxi industry in New York, the United States; and 1 year in Hang Seng Bank Limited (stock code: 0011) responsible for credit card payment support services for merchants in Hong Kong and Macau. Mr. Lo is the spouse of Ms. Lam Ching Man (“**Ms. Lam**”) and the eldest brother of Mr. Lo Chun Wa.

Mr. Lo Chun Wa, aged 38, was appointed as an executive Director in June 2016. Mr. Lo Chun Wa has worked as the customer service manager of EFT since April 2009 and has been repositioned to chief procurement and logistics officer since January 2017. Mr. Lo Chun Wa is currently responsible for formulating the overall corporate strategic planning, business development and major decision-making of the Group as well as the daily operation and management of procurement and logistics division and warehousing of the Group. Mr. Lo Chun Wa is experienced in electronic payment solutions with over 14 years of experience in customer service and service maintenance aspects. Mr. Lo Chun Wa is the youngest brother of Mr. Lo and the brother-in-law of Ms. Lam.

NON-EXECUTIVE DIRECTORS

Ms. Lam Ching Man, aged 47, was appointed as a non-executive Director in June 2016. Ms. Lam was appointed as a director of EFT for the periods from June 2005 to August 2008 and from April 2013 to February 2015, respectively. Ms. Lam is currently responsible for formulating the overall corporate strategic planning and major decision-making of the Group as well as supervising the administration of the Group. Ms. Lam completed her secondary education in July 1993. Ms. Lam has over 14 years of experience in administrative function. Ms. Lam is the spouse of Mr. Lo, and the sister-in-law of Mr. Lo Chun Wa.

Mr. Lui Hin Weng Samuel (“Mr. Lui”), aged 47, was appointed as an independent non-executive Director in November 2016 and has been re-designated from an independent non-executive Director to a non-executive Director in August 2017. Mr. Lui is currently responsible for formulating the overall corporate strategic planning and major decision-making of the Group. Mr. Lui obtained a bachelor’s degree in accountancy from Nanyang Technological University in Singapore in July 1998. Mr. Lui has been a member of the Institute of Singapore Chartered Accountants (previously known as the Institute of Certified Public Accountants of Singapore) since October 2002. Mr. Lui has about 23 years of experience in capital markets, investment banking, private equity, financial and risk management, compliance and auditing.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wu Wing Kuen B.B.S. (“Dr. Wu”), aged 64, was appointed as an independent non-executive Director in March 2019. He obtained his doctoral degree in business administration from the Clayton University in the United States in June 1989. He is now serving several listed companies in Hong Kong and has over 25 years of experience in real estate investment. Dr. Wu is a director of Jet View Investment Limited since December 1991 and a director of Jade Mind Investment Limited since October 2004. Both companies are principally engaged in real estate investments. He is an independent non-executive director of Nanfang Communication Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 1617)) since November 2016 and an independent non-executive director of the HG Semiconductor Limited (formerly known as HongGuang Lighting Holdings Company Limited) (a company listed on the Main Board of the Stock Exchange (stock code: 6908)) since December 2016. He has also become an independent non-executive Director, a member of remuneration committee, a member of nomination committee and a member of audit committee of Palinda Group Holdings Limited (a company listed on the GEM of the Stock Exchange (stock code: 8179) since January 2019. Dr. Wu was awarded the Bronze Bauhinia Star by The Government of the Hong Kong Special Administrative Region of the People’s Republic of China in July 2012. He is currently a voting member of the Hong Kong Jockey Club and Chairman of the Sha Tin District Community Fund. Dr. Wu has also served the community under various other positions in the past. He was a member of the Appeal Tribunals Panel of the Planning and Lands Branch of the Development Bureau of The Government of the Hong Kong Special Administrative Region from December 2016 to December 2021. He was appointed as an independent non-executive Director, chairman of remuneration committee, a member of nomination committee and a member of audit committee of Million Cities Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 2892) from June 2018 to December 2021.

Mr. Tso Ping Cheong Brian (“Mr. Tso”), aged 41, was appointed as an independent non-executive Director in September 2019. He obtained his bachelor’s degree in accountancy from the Hong Kong Polytechnic University in November 2003. He obtained his master degree in corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Tso is currently a practicing and fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Tso has over 16 years of experience in accounting and financial management. From September 2003 to November 2008, he worked in Ernst & Young with last position as manager. From December 2008 to May 2010, he was the financial controller of Greenheart Group Limited (formerly known as Omnicorp Limited) (stock code: 94). From May 2010 to August 2012, he was the senior vice president of Maxdo Project Management Company Limited. From January 2013 to present, he has been the sole proprietor of Teton CPA Company, an accounting firm. Mr. Tso served as an independent non-executive director of Asia-Pac Financial Investment Company Limited (formerly known as GreaterChina Professional Services Limited) (stock code: 8193) from July 2014 to January 2018 and Larry Jewelry International Company Limited (stock code: 8351) from October 2014 to August 2019. He is currently an independent non-executive director of Guru Online (Holdings) Limited (stock code: 8121) since May 2014, Huasheng International Holding Limited (formerly known as Newtree Group Holdings Limited (stock code: 1323) since February 2015, Shenglong Splendecor International Limited (stock code: 8481) since June 2018 and Maxicity Holdings Limited (stock code: 2295) since November 2019.

Mr. Wong Ping Yiu (“Mr. Wong”), aged 58, was appointed as an independent non-executive Director in October 2019. He served as an executive director of Shunten International (Holdings) Limited (formerly known as RM Group Holdings Limited) (stock code: 932) from June 2016 to May 2018 and remains as Vice President since May 2018. Mr. Wong has extensive experience in strategic marketing and property leasing.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Chief Operation Officer

Mr. Lee Ka Ming Kelvin (“**Mr. Lee**”), aged 47, was a director of EFT since its incorporation in February 2004 until December 2006. Mr. Lee re-joined the Group as chief operation officer in July 2015. Mr. Lee is responsible for daily management and supervision of customer and technical service provision of the Group. Mr. Lee obtained a bachelor’s degree in science majoring in marketing from University of Wales in the United Kingdom in November 2009. Mr. Lee is experienced in electronic payment solutions having over 21 years of experience in the industry with 8 years accumulated in Ingenico International (Pacific) Pty Limited responsible for supervising customer service provision to bank customers and 8 years in Hang Seng Bank Limited (stock code: 0011) responsible for providing credit card transaction support to merchants and handling disputes from cardholders in relation to credit card transactions.

Chief Information Officer

Mr. Chan Wai To, aged 45, worked as an engineer in EFT from February 2005 to June 2007, responsible for providing technical support to customers and re-joined the Group as chief information officer in September 2015. He obtained a bachelor’s degree in science majoring in computer science and a master of philosophy degree in computer science, respectively, from The Chinese University of Hong Kong in December 1999 and October 2001, respectively. Mr. Chan Wai To is responsible for planning and overseeing electronic payment software development and technical support. Mr. Chan Wai To is experienced in electronic payment and software solutions having over 15 years of experience in the industry with 7 years accumulated in Hang Seng Bank Limited (stock code: 0011) responsible for developing new technical products or solutions for merchant business development.

Financial Controller and Company Secretary

Mr. Li Man Ho (“**Mr. Li**”), aged 38, was appointed as the financial controller in August 2019. Mr Li has been appointed as the company secretary and an authorized representative of the Company with effect from 21 August 2019. He is a member of The Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). He holds a Bachelor Degree of Science in Mathematics from University of New South Wales in Australia. Mr. Li has over 11 years of professional experience in auditing, accounting and financial reporting.

Senior Procurement and Logistic Manager

Mr. Cheung Chun Bong (“**Mr. Cheung**”), aged 44, joined the Group as the project manager of EFT in April 2009. In February 2016, Mr. Cheung was appointed as the chief procurement and logistics officer and subsequently re-positioned to senior manager in January 2017. Mr. Cheung is responsible for managing the logistics of delivery of payment terminals and repair of payment terminals. Mr. Cheung obtained a bachelor’s degree in science majoring in electrical and electronic engineering from University of Glamorgan in Wales, United Kingdom in June 1999. Mr. Cheung is experienced in electronic payment solutions having over 16 years of experience in the industry with 3 years accumulated in Ingenico International (Pacific) Pty Limited responsible for payment terminals maintenance support.

Save as disclosed above, each of the Directors or senior management has not been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this report.

Save as disclosed above, there is no other information relating to the relationship of any of the Directors or members of senior management with other Directors or members of senior management that should be disclosed pursuant to Rule 17.50(2) or paragraph 41(1) of Appendix 1A of the GEM Listing Rules. None of the Directors or members of the senior management is interested in any business which competes or is likely to compete with the business of the Group.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance in emphasising a quality board of directors, sound risk management and internal control, transparency and accountability with a view to enhance corporate value and to safeguard the interests of all the Shareholders and the Company as a whole.

The Board continues to monitor and review the Company's corporate governance and makes necessary changes at appropriate time.

The Board has adopted the principles, the code provisions of the Corporate Governance Code (the "**CG Code**") and the recommended best practices contained in Appendix 15 to the GEM Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established an Audit Committee ("**Audit Committee**"), a Nomination Committee ("**Nomination Committee**") and a Remuneration Committee ("**Remuneration Committee**") with specific written terms of reference. During the year ended 31 March 2022 and up to the date of this report, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules except for the deviations as follows:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lo is the Chairman and the CEO of the Company. In view that Mr. Lo has been assuming day-to-day responsibilities in operating and managing the Group since 2008 and the rapid development of the Group, the Board believes that with the support of Mr. Lo's extensive experience and knowledge in the business of the Group, vesting the roles of both Chairman and CEO of the Company in Mr. Lo strengthens the solid and consistent leadership and thereby allows for efficient business planning and decision which is in the best interest to the Group. The Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstances.

Notwithstanding the above, the Board believes that the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high-calibre individuals, with three of them being independent non-executive Directors.

COMPLIANCE WITH DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions (the "**Model Code**") by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code throughout the year ended 31 March 2022.

Pursuant to Rule 5.66 of the GEM Listing Rules, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she was a Director.

BOARD OF DIRECTORS

Composition

The Board currently comprises two executive Directors, two non-executive Directors and three independent non-executive Directors:

Executive Directors

Mr. Lo Chun Kit Andrew (*Chairman and CEO*)

Mr. Lo Chun Wa

Non-executive Directors

Ms. Lam Ching Man

Mr. Lui Hin Weng Samuel

Independent Non-executive Directors

Dr. Wu Wing Kuen *B.B.S.*

Mr. Tso Ping Cheong Brian

Mr. Wong Ping Yiu

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and at least one of whom has appropriate professional qualifications and accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his/her independence, and the Company considers such Directors to be independent in accordance with the independence guidelines set out in Rule 5.09 of the GEM Listing Rules.

The biographical details of the Directors are set out in the section “Biographical details of Directors and Senior Management” of this annual report. With the various experience of the Directors and the nature of the Group’s business, the Board considers that the Directors have a balance of skills and experience for the business of the Group.

Mr. Lo is the spouse of Ms. Lam (a non-executive Director) and the eldest brother of Mr. Lo Chun Wa (an executive Director). Except as above, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among members of the Board.

Corporate Governance Report

Responsibilities

Responsibilities of the Board include but are not limited to (i) convening meetings of the Shareholders, reporting on the Board's work at these meetings, implementing the Shareholders' resolutions passed at these meetings; (ii) determining business operation, financial, capital and investment plans; (iii) determining internal management structure, setting down fundamental management rules; (iv) appointing and discharging members of senior management, determining Directors' remuneration and formulating the proposals for profit distributions and for the increase or reduction of registered capital; and (v) taking responsibilities pursuant to the relevant laws, regulation and the Articles of Association of the Company (the "**Articles**"). Pursuant to the code provision A.1.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules, the Board should meet regularly and board meetings should be at least four times every year at approximately quarterly intervals. The Board is also responsible for the corporate governance functions under code provision D.3.1 of the CG Code. The Board has reviewed and discussed the corporate governance policy of the Group, and was satisfied with the performance of the Group on the corporate governance policy.

The Board supervises the management of the business and affairs of the Company following the Board's formulated business strategies to ensure they are managed in the best interests of the Shareholders and the Company as a whole while taking into account the interest of other stakeholders. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear directions. The Board is regularly provided with management reports to give a balanced and understandable assessment on the performance, position, recent development and prospect of the Group in sufficient details.

Appointments, Re-election and Removal

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a specific term. The non-executive Directors and independent non-executive Directors have been initially appointed for a term of three years and automatically extended for a successive term of one year upon the expiry of the current term unless and until it is terminated by either the Company or such Director. The term of appointment of each Director is subject to retirement by rotation and re-election in accordance with the Articles and the GEM Listing Rules.

Pursuant to the Articles, one-third of all Directors shall retire from office by rotation provided that every Director shall be subject to retirement by rotation and re-election at each annual general meeting provided that every Director shall be subject to retirement at least once every three years. A retiring Director shall be eligible for re-election and continue to perform as Director throughout the meeting at which he/she retires.

The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

The Company may, in accordance with the Articles, by ordinary resolution remove any Director before the expiration of his/her term of office notwithstanding anything to the contrary in the Articles or in any agreement between the Company and such Director.

Continuous Professional Development

According to the code provision A.6.5 of the CG Code, all Directors shall be kept informed of their collective responsibilities as Directors and of the Business activities of the Group. Directors receive updates and presentations on changes and developments to the Group's business and to environments in which the Group operates, and participate in continuous professional development ("CPD") to develop and refresh their knowledge and skills as well as their responsibilities under the relevant laws and regulations to ensure compliance and enhance good corporate governance.

During the year ended 31 March 2022, all the Directors have participated in continuous professional development in relation to duties and responsibilities of the Directors, regulatory updates and the business of the Group in the following manner:

Name of Directors	CPD Participation Yes/No
Executive Directors	
Mr. Lo Chun Kit Andrew (<i>Chairman and CEO</i>)	Yes
Mr. Lo Chun Wa	Yes
Non-executive Directors	
Ms. Lam Ching Man	Yes
Mr. Lui Hin Weng Samuel	Yes
Independent Non-executive Directors	
Dr. Wu Wing Kuen <i>B.B.S.</i>	Yes
Mr. Tso Ping Cheong Brian	Yes
Mr. Wong Ping Yiu	Yes

Participation in CPD includes attending seminars, reading relevant materials in relation to corporate governance, regulatory updates of the GEM Listing Rules and other regulatory requirements and the business of the Group.

BOARD COMMITTEES

The Board has established three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, which are sufficiently resourced to fulfil their roles and their terms of reference approved by the Board, which are available for review on the Company's website (www.eftsolutions.com) and the Stock Exchange's website (www.hkexnews.hk).

Audit Committee

The Audit Committee was established on 23 November 2016 in compliance with Rule 5.28 of the GEM Listing Rules. As at 31 March 2022, the Audit Committee comprised three independent non-executive Directors, namely Dr. Wu, Mr. Tso, Mr. Wong and Mr. Tso is the chairman of the Audit Committee.

None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

Corporate Governance Report

Written terms of reference in compliance with code provisions C.3.3 and C.3.7 of the CG Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. It is the Board's responsibility to ensure that an effective internal control and risk management framework exist within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators, and proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action. The Board has delegated the responsibility for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group's management to the Audit Committee. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control and risk management systems of the Group. Besides, the Audit Committee reviews and monitors the Company's compliance with its whistleblowing policy and oversees the Company's relations with the external auditor.

During the year ended 31 March 2022, the Audit Committee has reviewed the quarterly, interim and annual results of the Group. As at the date of this report, the Audit Committee and the external auditor have also reviewed the audited annual results of the Group for the year ended 31 March 2022. The Audit Committee and the external auditor were satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

Remuneration Committee

The Remuneration Committee was established on 23 November 2016. As at 31 March 2022, the Remuneration Committee comprised Mr. Wong (an independent non-executive Director), Mr. Lo (an executive Director) and Dr. Wu (an independent non-executive Director). Mr. Wong is the chairman of the Remuneration Committee.

Written terms of reference in compliance with code provision B.1.2 of the CG Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the Remuneration Committee are, among other things, to recommend to the Board the remuneration packages for all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors. Pursuant to the terms of reference of the Remuneration Committee, meeting shall be at least once every year.

Details of the Directors' remuneration for the year ended 31 March 2022 are set out in Note 13 to the consolidated financial statements of this annual report.

The remuneration of the senior management of the Group by band for the year ended 31 March 2022 is set out below:

Remuneration band	Number of senior management
HK\$100,001 to HK\$1,000,000	3
HK\$1,000,001 to HK\$1,500,000	1

Nomination Committee

The Nomination Committee was established on 23 November 2016. As at 31 March 2022, the Nomination Committee comprised Mr. Lo (an executive Director), Mr. Wong (an independent non-executive Director) and Dr. Wu Wing Kuen *B.B.S.* (an independent non-executive Director). Mr. Lo is the chairman of the Nomination Committee.

Corporate Governance Report

Written terms of reference in compliance with code provision A.5.2 of the CG Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the Nomination Committee are, among other things, to review the structure, size composition and diversity of the Board, to assess the independence of the independent non-executive Directors, and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. Pursuant to the terms of reference of the Nomination Committee, meeting shall be at least once every year.

In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board. In designing the Board's composition, board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. At least one-third of the members of the Board shall be Independent Non-executive Directors; and
2. Enhance gender diversity (female representation) on the Board.

As at 31 March 2022, representation of Independent Non-executive Directors on the Board was 42.9%.

As at 31 March 2022, female representation on the Board was 14.3%.

The Board will take opportunity to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and report to the Board annually.

Corporate Governance Function

The Board is responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of directors and senior management. The Board reviews the disclosures in the corporate governance report to ensure compliance.

Corporate Governance Report

The Board's responsibility in this regard includes:

- (a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
- (d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters; and
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Attendance Records of Meetings

The Company Secretary records the proceedings of each Board meeting, Audit Committee meeting, Remuneration Committee meeting and Nomination Committee meeting and General meeting in detail by keeping detailed minutes, including all decisions by the Board together with concerns raised and dissenting views expressed (if any). All minutes are open for inspection at any reasonable time on request by any Director. The attendance of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meeting and Nomination Committee meeting and general meeting during the year is set out in the following table:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting	Total meeting
Number of meetings held during the year	7	4	1	1	2	15

Name of Directors Number of meetings attended/Number of meetings entitled to attend

Executive Directors

Mr. Lo Chun Kit Andrew	7	–	1	1	2	11
Mr. Lo Chun Wa	7	–	–	–	2	9

Non-executive Directors

Ms. Lam Ching Man	7	–	–	–	2	9
Mr. Lui Hin Weng Samuel	7	–	–	–	2	9

Independent non-executive Directors

Dr. Wu Wing Kuen <i>B.B.S.</i>	7	4	1	1	2	15
Mr. Tso Ping Cheong Brian	7	3	–	–	2	12
Mr. Wong Ping Yiu	7	4	1	1	2	15

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2022, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditor's Remuneration

During the year ended 31 March 2022, the remuneration paid or payable to the Company's auditor, Elite Partners CPA Limited, in respect of their audit and non-audit services was as follows:

	HK\$
Audit services	600,000
Non-audit services	113,000
Total	713,000

COMPANY SECRETARY

Mr. Li, our Company Secretary, possesses the necessary qualification and experience and is capable of performance of the functions of the company secretary. His biography is set out in the section "Biographical Details of Directors and Senior Management" of this annual report. During the year ended 31 March 2022, Mr. Li has confirmed that he has taken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its responsibility for the Group's internal control systems and risk management. To fulfil its responsibility, the Board has set up policies and procedures which provide a framework for the identification and management of risks. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group's internal control systems include a well-established organisational structure with clearly defined lines of responsibility and authority. The operation departments would entrust to related business department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis.

Corporate Governance Report

The management is mainly responsible for the design, implementation and supervision of the internal control systems, while the Board and the Audit Committee are responsible for supervising the measures adopted by the management and the effectiveness of the implementation of monitoring measures on a going concern. The Board concluded that the Group's risk management and internal control systems are in place and effective.

Management rules on the inside information is also in place to provide guidelines on reporting and disseminating inside information, maintaining confidentiality and complying with dealing restrictions.

The Group regards periodic review of internal control system as an important part of the Board's oversight function. The Group has not set up an internal audit function, however, the Group has engaged an external consultant, Elite Partners Risk Advisory Services Limited, to conduct review on the internal control system of the Group. The review shall be conducted once every year. During the year ended 31 March 2022, a review has been conducted and the Directors considered the internal control system of the Group to be effective and adequate.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard Shareholders' interests and rights, the Shareholders are encouraged to participate at the general meetings of the Company and to vote thereat. All resolutions put forward at Shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, and the poll voting results will be posted on the websites of the Stock Exchange and the Company after the relevant Shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company or by such Shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to the Articles. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company at the principal place of business of the Company in Hong Kong.

Procedures for a Shareholder of the Company to Propose a Person for Election as a Director

Subject to the Articles and the Companies Law of the Cayman Islands (as amended from time to time), the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.

Article 113 of the Articles provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been lodged at the Head Office (as defined in the Articles) or at the Registration Office (as defined in the Articles). The period for lodgment of the notices required under this Article will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served at the Company's principal place of business in Hong Kong at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong or at the Company's Hong Kong share registrar, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong, including (i) a notice signed by the Shareholder for which such notice is given of his/her intention to propose a candidate for election; and (ii) a notice signed by the proposed candidate of the candidate's willingness to be elected together with (a) that candidate's information as required to be disclosed under Rule 17.50(2) of the GEM Listing Rules; and (b) the candidate's written consent to the publication of his/her personal data.

Procedures for Raising Enquiries

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong (email address: investor.enquiry@eftsolutions.com).

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders to update the latest business development and financial performance including the publication of quarterly, interim and annual reports, notices, announcements and circulars on the Stock Exchange's website and the Company's website in a timely manner in order to maintain a high level of transparency and good investor relations.

DIVIDEND POLICY

The Board considers sustainable returns to shareholders whilst retaining adequate reserves for the Group's future development to be an objective. Under the dividend policy adopted by the Company, dividends may be declared from time to time and be paid to shareholders provided that the Group is profitable and without affecting the normal operations of the Group. In summary, the declaration of dividends and the dividend amount shall be determined at the sole and absolute discretion of the Board taking into account the following factors:

- the Group's financial performance;
- the liquidity position and capital requirements of the Group; and
- any other factors that the Board may consider appropriate.

CHANGE IN CONSTITUTIONAL DOCUMENTS

There were no significant changes in the constitutional documents of the Company for the year ended 31 March 2022.

DIRECTORS' REPORT

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's principal subsidiaries are set out in Note 36 to the consolidated financial statements.

BUSINESS REVIEW

Detailed business review is set out in the section headed "Management Discussion and Analysis" of this annual report on page 7. Future development of the Company's business is set out in the section headed "Chairman's Statement" of this annual report on page 5.

KEY PERFORMANCE INDICATORS ("KPIs") WITH THE STRATEGY OF THE GROUP

An analysis of the Group's performance during the year using financial KPIs is provided in the section "Financial Review" on pages 8 to 9 of this annual report and in Note 7 to the consolidated financial statements of the Company.

PRINCIPAL RISK AND UNCERTAINTIES

Details of principal risks and uncertainties is set out in the section headed "Management Discussion and Analysis" of this annual report on page 7.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 March 2022 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements from pages 67 to 142 of this annual report.

The Board recommends payment of a final dividend of HK2.0 cents per Share to Shareholders whose names appear on the register of members of the Company on 12 August 2022. Subject to approval by the Shareholders in the forthcoming annual general meeting, the proposed final dividend is expected to be dispatched to Shareholders on 25 August 2022.

As at the date of this annual report, the Board is not aware of any Shareholders who have waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting is scheduled to be held on Friday, 5 August 2022 (the "2022 AGM"). Notice of the 2022 Annual General Meeting will be published and despatched to shareholders of the Company in due course.

PAYMENT OF FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK2.0 cent per ordinary share for the year ended 31 March 2022 (the “**FY2022 Proposed Final Dividend**”) (31 March 2021: HK1.0 cent). The FY2022 Proposed Final Dividend, if approved, shall be payable on Thursday, 25 August 2022 and is subject to the approval of the Shareholders of the Company at the 2022 AGM. The Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 12 August 2022 will be entitled to the FY2022 Proposed Final Dividend.

CLOSURE OF REGISTER OF MEMBERS

a. For determining the entitlement of the shareholders to attend and vote at the 2022 AGM

The register of members of the Company will be closed from Tuesday, 2 August 2022 to Friday, 5 August 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the 2022 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for registration not later than 4:30 p.m. on Monday, 1 August 2022.

b. For determining the entitlement to the FY2022 Proposed Final Dividend

The register of members of the Company will be closed from Thursday, 11 August 2022 to Friday, 12 August 2022 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the FY2022 Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar and transfer office in Hong Kong, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 10 August 2022.

DEED OF NON-COMPETITION

The Deed of Non-Competition dated 23 November 2016 (as defined in the Prospectus) became effective from the date of Listing. The Controlling Shareholders (as defined in the Prospectus) have confirmed that, save as disclosed in this annual report, at any time during the year ended 31 March 2022, they have not whether as principal or agent and whether undertaken directly or indirectly (including through any close associate, subsidiary, partnership, joint venture or other contractual arrangement of theirs) and whether for profit or otherwise, carry on, participate or be interested, engage or otherwise be involved in or acquire or hold shares or interests in any business which is in competition, directly or indirectly, or is likely to be in competition, directly or indirectly, with the business referred to in the Prospectus that is carried on by the Group in Hong Kong, Macau and such other territories that the Group may conduct or carry on business from time to time, including but not limited to the sales of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services, and development of project-based software solution services in Hong Kong and Macau. The Controlling Shareholders have also confirmed that they have fully complied with the undertakings contemplated under the deed of non-competition during the year ended 31 March 2022.

Directors' Report

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-Competition for the year ended 31 March 2022. The independent non-executive Directors have reviewed the Controlling Shareholders compliance with the Deed of Non-Competition for the year ended 31 March 2022.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and the Prospectus of the Company, is set out on page 142 of this annual report. This summary does not form part of the audited consolidated financial statements of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in pages 71 to 72 and 141 respectively of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2022, the Company's reserves available for distribution to the Shareholders amounted to approximately HK\$54,899,000 (2021: approximately HK\$56,598,000).

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2022 and up to the date of this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer contributed approximately 18.3% (2021: 18.9%) of the total revenue for the year while the Group's five largest customers accounted for approximately 56.3% (2021: 59.5%) of the total revenue for the year.

The Group's largest supplier contributed approximately 32.4% (2021: 30.9%) of the total cost of goods and services for the year while the Group's five largest suppliers accounted for approximately 62.5% (2021: 58.9%) of the total cost of goods and services for the year.

None of the Directors, their respective close associates (as defined in the GEM Listing Rules) or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any beneficial interest in any of the Group's five largest customers or suppliers referred to above.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the Shareholders on 23 November 2016 (the "**Share Option Scheme**").

As at the date of this annual report, there is no outstanding number of share options available, for granting under the Share Option Scheme to subscribe for shares. During the year ended 31 March 2022, no share options were granted, cancelled or lapsed in accordance with the terms of the Share Option Scheme.

The following is a summary of the principal terms of the Share Option Scheme. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules.

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the eligible participants have had or may have made to the Group. The Share Option Scheme is valid and effective for a period of ten years commencing from the date of adoption of the scheme.

Eligible participants of the Share Option Scheme include:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:
 - (a) contribution to the development and performance of the Group;
 - (b) quality of work performed for the Group;
 - (c) initiative and commitment in performing his/her duties; and
 - (d) length of service or contribution to the Group.

Directors' Report

The maximum number of shares which may be issued upon exercise of all outstanding option granted and yet to be exercised under the Share Option Scheme and any other schemes for the time being of the Company shall not exceed 30% of the shares in issue from time to time. Share options (the “**Options**”) of the Company which are lapsed or cancelled for the time being shall not be counted for the purpose of calculating the said 30% limit and the maximum number of shares which may be issued upon exercise of all Options granted and to be granted under the Share Option Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of approval of the Share Option Scheme unless approval for refreshing the 10% limit from the Company’s shareholders has been obtained. The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, outstanding Options and Shares which were the subject of Options which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled (the “**Cancelled Shares**”) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of Options in excess of this 1% limit shall be subject to the issue of a circular and the approval of the Shareholders in general meeting.

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of ten years from that date.

Upon acceptance of an Option to subscribe for Shares granted pursuant to the scheme, the eligible participant shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each participant and shall be the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options;
- (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 trading days immediately preceding the date of grant of the Options; and
- (iii) the nominal value of a Share.

DIRECTORS

The Directors during the year ended 31 March 2022 and up to the date of this report were:

Executive Directors

Mr. Lo Chun Kit Andrew (*Chairman and CEO*)

Mr. Lo Chun Wa

Non-executive Directors

Ms. Lam Ching Man
Mr. Lui Hin Weng Samuel

Independent Non-executive Directors

Dr. Wu Wing Kuen *B.B.S.*
Mr. Tso Ping Cheong Brian
Mr. Wong Ping Yiu

Pursuant to the Articles, one-third of all Directors (whether executive or non-executive) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation and re-election at each annual general meeting provided that every Director shall be subject to retirement at least once every three years. A retiring Director shall be eligible for re-election and continue to act as a Director throughout the meeting at which he/she retires. Further, according to the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of the Directors and senior management are set out in the section “Biographical Details of Directors and Senior Management” of this annual report.

DIRECTORS' SERVICE CONTRACTS

There is no service contract, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), in respect of any director proposed for re-election at the annual general meeting.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Director an annual confirmation of their independence. The Nomination Committee has assessed the independence of the independent non-executive Directors and affirmed that all independent non-executive Directors remained independent.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Interests in the Shares of the Company

Name	Capacity	Notes	Long position	
			Total interests in ordinary Shares	Percentage of total number of issued Shares
Mr. Lo	Interest in a controlled corporation	1	348,455,000	72.59%
	Beneficial owner	1	2,765,000	0.58%
Ms. Lam	Interest of spouse	2	351,220,000	73.17%

Notes:

1. Mr. Lo is interested in the entire issued share capital of LCK Group Limited ("LCK") and he is therefore deemed to be interested in the 348,455,000 Shares held by LCK by virtue of the SFO.
2. Ms. Lam is the spouse of Mr. Lo and she is therefore deemed to be interested in the Shares held by Mr. Lo by virtue of the SFO.

As at 31 March 2022, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2022, to the knowledge of the Directors, Shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Note	Long position	
			Number of ordinary Shares	Percentage of total number of issued Shares
LCK	Beneficial owner	1	348,455,000	72.59%

Note:

1. The entire issued share capital of LCK is legally and beneficially owned by Mr. Lo who is deemed to be interested in the Shares held by LCK by virtue of the SFO.

Save as disclosed above, as at 31 March 2022, to the knowledge of the Directors, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2022 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

At no time during the year ended 31 March 2022 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

During the year ended 31 March 2022 and up to the date of this report, none of the Directors, nor the substantial Shareholders of the Company nor their respective close associates (as defined under the GEM Listing Rules) had any interests (other than their interest in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

Directors' Report

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 32 to the consolidated financial statements, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in Note 32 to the consolidated financial statements, during the year ended 31 March 2022, there had been no contract of significance between the Company or any of their close associates and a Controlling Shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of their close associates.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 March 2022 are set out in Note 32 to the consolidated financial statements of this annual report. Save as mentioned in the section "Continuing Connection Transactions" as below, other related party transactions constituted exempted connected transactions and continuing connected transactions under Chapter 20 of the GEM Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2022, certain lease transactions entered into by the Group with (i) Mr. Lo, the controlling shareholder and a Director; (ii) Ms. Lam, a Director and the spouse of Mr. Lo; (iii) Mr. Lo Chun Wa, a Director and brother of Mr. Lo; and (iv) Affinity Corporation Limited ("**Affinity**"), LCKB Company Limited, both company are wholly-owned by Mr. Lo, and certain transactions entered into by the Group with EFT Payments (Asia) Limited ("**EFT Payments**"), a company wholly-owned by Mr. Lo constituted non-exempt continuing connected transactions of the Group under Chapter 20 of the GEM Listing Rules, details of which are as follows:

Non-exempt continuing connected transactions	Connected Persons	Annual cap	Actual amount for the year ended 31 March 2022	Notes
Lease of warehouse, repair centre and office	Mr. Lo	HK\$1,983,277 for (i), (ii), (iii), (iv), (v) & (vi)	1,251,600	(i), (v), (vii)
Lease of office and carpark	Ms. Lam		324,000	(ii), (vii)
Lease of warehouse	Mr. Lo and Mr. Lo Chun Wa		39,677	(iii), (vii)
Lease of warehouse	Affinity Corporation Limited		336,000	(iv), (vii)
Lease of warehouse	LCKB Company Limited		32,000	(vi), (vii)
Sales of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services	EFT Payments	HK\$23,000,000	19,304,439	(viii), (ix), (x)

For reasons as disclosed in the section headed “Connected Transactions” in the Prospectus and the relevant announcements of the Company, a series of agreements (the “**Agreements**”) were entered into between the Group and the Connected Persons with details set out below.

- (i) On 17 June 2016, EFT, a wholly-owned subsidiary of the Company, (as tenant) and Mr. Lo (as landlord) entered into tenancy agreements (as supplemented and amended on 18 February 2019 and 31 March 2021), pursuant to which EFT agreed to rent the certain properties for a renewed term commencing on 1 April 2021 and expiring on 31 March 2022 (both days inclusive) for a deposit of HK\$132,000 at an aggregate monthly rent of HK\$66,000 (comprising HK\$36,000 monthly rent for Workshop A3, 1/F, Yip Fung Industrial Building, Nos. 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong and HK\$30,000 monthly rent for Workshop B1, 11/F, Yip Fung Industrial Building, Nos. 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong) (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.
- (ii) On 17 June 2016, EFT (as tenant) and Ms. Lam (as landlord) entered into tenancy agreements (as supplemented and amended on 18 February 2019 and 31 March 2021), pursuant to which EFT agreed to rent certain properties for a renewed term commencing on 1 April 2021 and expiring on 31 March 2022 (both days inclusive) for a deposit of HK\$54,000 at an aggregate monthly rent of HK\$27,000 (comprising HK\$22,500 monthly rent for Workshop B3, 11/F, Yip Fung Industrial Building, Nos. 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong and HK\$4,500 monthly rent for carpark V2, G/F, Yip Fung Industrial Building, Nos. 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong) (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.
- (iii) On 17 June 2016, EFT (as tenant) and Mr. Lo and Mr. Lo Chun Wa (jointly as landlord) entered into a tenancy agreement (as supplemented and amended on 18 February 2019 and 31 March 2021), pursuant to which EFT agreed to rent a property for a renewed term commencing on 1 April 2021 and expiring on 31 March 2022 (both days inclusive) for a deposit of HK\$60,000 at an aggregate monthly rent of HK\$30,000 for Workshop A1, 4/F, Yip Fung Industrial Building, Nos. 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month. The tenancy agreement has terminated on 10 May 2021 as the Group acquired the above workshop.
- (iv) On 24 September 2018, EFT (as tenant) and Affinity (as landlord) entered into tenancy agreement (as supplemented on 31 March 2020 and 31 March 2021), pursuant to which EFT agreed to rent a property for a renewed term commencing on 1 April 2021 and expiring on 31 March 2022 (both days inclusive) for a deposit of HK\$56,000 at an aggregate monthly rent of HK\$28,000 for Workshop A4, 1/F, Yip Fung Industrial Building, Nos. 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.

Directors' Report

- (v) On 14 August 2020, EFT (as tenant) and Mr. Lo (as landlord) entered into tenancy agreements (as supplemented and amended on 31 March 2022), pursuant to which EFT agreed to rent the certain properties with the term commencing on 1 April 2021 and expiring on 31 March 2022 (both days inclusive) for a deposit of HK\$76,600 at an aggregate monthly rent of HK\$38,300 (comprising HK\$33,800 monthly rent for Unit A, 6/F, Tong Yuen Factory Building, 505 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong and HK\$4,500 monthly rent for Carpark V4, Ground Floor, Yip Fung Industrial Building, Nos. 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong) (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.
- (vi) On 18 February 2022, EFT (as tenant) and LCKB Company Limited (as landlord) entered into tenancy agreement, pursuant to which EFT agreed to rent the property with the term commencing from 1 March 2022 and expiring on 31 March 2023 (both days inclusive) for a deposit of HK\$64,000 at an aggregate monthly rent of HK\$32,000 for Workshop A1, 1/F, Yip Fung Industrial Building, Nos 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.
- (vii) The above tenancy agreements are exempted continuing connected transactions following their respective renewal on 31 March 2021 and 31 March 2022.
- (viii) On 17 June 2016, the Company entered into a master supply and services agreement (the "**Previous Master Supply and Services Agreement**") (as supplemented and amended on 14 November 2016, 26 January 2018, 13 September 2018 and 26 November 2018) with EFT Payments, pursuant to which the Group agreed to (i) sell and EFT Payments agreed to purchase EFT-POS terminals and peripheral devices in accordance with the specifications and at the purchase price set out in each individual purchase order (the "**Purchase Order**") as may from time to time be offered by EFT Payments and accepted by the Group; and (ii) provide EFT-POS system support services to EFT Payments with effect from the date of the Listing. EFT-POS system support services comprise of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments. The Group also provides hotline services and merchant training. The terms of the Previous Master Supply and Services Agreement has been commenced since the date of the Listing and was expired on 31 March 2019 and the Company renewed the Previous Master Supply and Services Agreement on 26 November 2018 (refer to below). Either party may terminate the Master Supply and Services Agreement by serving a notice of not less than three months to the other. The purchase price in each Purchase Order placed by EFT Payments to the Group shall be determined after arm's length negotiations between EFT Payments and the Group from time to time with reference to the then prevailing market price of similar products in the market and that in any event shall be no less favourable to the Group than that offered to independent third parties by the Group. The monthly system support fee payable by EFT Payments to the Group is based on the number of terminals deployed by EFT Payments multiplied by a system support fee which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates and that in any event shall be no less favourable to the Group than that offered to independent third parties by the Group. The monthly system support fee is payable in arrears within 30 days of the invoice issued by the Group on the first day of each and every successive calendar month.

- (ix) On 26 November 2018, the Company entered into a master supply and services agreement (the “**Existing Master Supply and Services Agreement**”) with EFT Payments to renew the Previous Master Supply and Services Agreement, pursuant to which the Company shall provide EFT Payments with EFT-POS terminals and peripheral devices and system support services for the EFT-POS terminals and peripheral devices, with effect from 1 April 2019 to 31 March 2022. EFT-POS system support service comprises of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments, as well as hotline services and merchant training. The Group will also provide software solution services to EFT Payments. Either party may terminate the New Master Supply and Services Agreement at any time by giving three months' prior written notice to other party. The purchase price for EFT-POS terminals shall be determined after arm's length negotiations between EFT Payments and the Group from time to time with reference to the model of EFT-POS terminals to be purchased, their various specifications and the then prevailing market price of similar products in the market and that in any event shall be no less favourable to the Group than that offered to independent third parties by the Group. For details of new master supply and services agreement, please refer to the circular dated 17 December 2018.
- (x) On 17 February 2022, the Company entered into a new master supply and services agreement (the “**New Master Supply and Services Agreement**”) with EFT Payments to renew the Existing Master Supply and Services Agreement, pursuant to which the Company shall provide EFT Payments with EFT-POS terminals and peripheral devices and system support services for the EFT-POS terminals and peripheral devices, with effect from 1 April 2022 to 31 March 2025. EFT-POS system support service comprises of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments, as well as hotline services and merchant training. The Group will also provide software solution services to EFT Payments. Either party may terminate the New Master Supply and Services Agreement at any time by giving three months' prior written notice to other party. The purchase price for EFT-POS terminals shall be determined after arm's length negotiations between EFT Payments and the Group from time to time with reference to the model of EFT-POS terminals to be purchased, their various specifications and the then prevailing market price of similar products in the market and that in any event shall be no less favourable to the Group than that offered to independent third parties by the Group. For details of new master supply and services agreement, please refer to the circular dated 16 March 2022.

Review of Continuing Connected Transactions by Independent Non-Executive Directors

In compliance with Rule 20.53 of the GEM Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (3) according to the Agreements governing them on the terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Directors' Report

Assurance Engagement on Continuing Connected Transactions

In compliance with Rule 20.54 of the GEM Listing Rules, the Company has engaged its auditor, Elite Partners CPA Limited, to report on the Group's continuing connected transactions in accordance with "Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to "Practice Note 740 – Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued their assurance report to the Board in respect of the Group's continuing connected transactions and confirmed that nothing has come to their attention that causes them to believe that the continuing connected transactions:

- (1) have not been approved by the Board;
- (2) were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) were not entered into, in all material respects, in accordance with the Agreements governing the transactions; and
- (4) have exceeded the cap.

A copy of the aforesaid assurance report has been provided by the Company to the Stock Exchange.

CORPORATE GOVERNANCE

The Company has complied with all principles and the code provisions of the CG Code contained in Appendix 15 to the GEM Listing Rules (except for the deviation from CG code provision A.2.1).

Details of the Company's corporate governance practices are set out in the section "Corporate Governance Report" of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to support environmental protection to ensure business development and sustainability. The Group has implemented green office practices to reduce the consumption of energy and natural resources. These practices include the use of energy-saving lightings and recycled paper, reduce energy consumption by switching off idle lightings, computers and electrical appliances and the use of environmentally friendly products whenever possible.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS AND RELATIONSHIPS WITH KEY SHAREHOLDERS

The Company has complied with all applicable laws and regulations in all material respects and maintained good relationship with its customers, suppliers, employees and investors. During the year ended 31 March 2022, there were no material and significant dispute between the Group and its employees, customers and/or suppliers.

PERMITTED INDEMNITY PROVISIONS

At no time during the year ended 31 March 2022 and up to the date of this report was there any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise), or an associated company (if made by the Company).

An associated company is defined in Section 2(1) of the Hong Kong Companies Ordinance.

EMOLUMENT POLICY

The remuneration policy of the Group is to reward its employees and executives based on, among other things, the Group's operating results, individual performance and comparable market statistics. Remuneration package typically comprises of salaries, contribution to pension schemes, discretionary bonuses and share options.

The Remuneration Committee will review annually the remuneration of all the Directors to ensure that it is attractive enough to attract and retain a competent team of executive members. The Director's fee for each of the Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of the Remuneration Committee. The remuneration package of each of the Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within the Group.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the Directors' remuneration and the five highest paid individuals for the year ended 31 March 2022 are set out in Note 13 to the consolidated financial statements of this annual report.

CHARITABLE DONATIONS

During the year ended 31 March 2022, the Group made donation of approximately HK\$21,000 (2021: HK\$64,000) to charitable and non-profit-making organisation.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as at the latest practicable date prior to the issue of this annual report as required under the GEM Listing Rules.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in "Event After the Reporting Period" in Note 34 to the consolidated financial statement, the Group has no other material events after reporting period.

Directors' Report

AUDITOR

Elite Partners CPA Limited will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

There has been no change of auditor of the Company during the year ended 31 March 2022 and up to the date of report.

By order of the Board

Lo Chun Kit Andrew

Chairman and Chief Executive Officer

Hong Kong, 24 June 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THIS REPORT

This is the Environmental, Social and Governance (“**ESG**”) Report for the Group for the year ended 31 March 2022. This report is prepared in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) in Appendix 20 of the GEM Listing Rules published by the Stock Exchange. An ESG Reporting Guide content index is set out in Appendix I of this ESG report. This ESG report serves as a record of our main ESG initiatives and performance highlights and focus on areas that are material to our business and stakeholders.

SCOPE OF REPORTING

It should be read in conjunction with this annual report, in particular the Corporate Governance Report contained therein. Unless otherwise stated, consistent with the 2021 ESG Report, this ESG report covers the data of the Group’s businesses in sourcing of EFT-POS terminals and peripheral devices, EFT-provision of EFT-POS system support services, software solution services and embedded system solution services for the financial year from 1 April 2021 to 31 March 2022. The reporting scope covered the Macau subsidiary acquired in June 2021.

The Board has the overall responsibility for our ESG strategies and reporting, as well as overseeing and managing our ESG-related risks and ensuring the appropriate and effective ESG risk management. This report has been reviewed and approved by the Board.

ESG STRATEGY

We strive to incorporate ESG in all areas of the company including our products, our services and our business operations. The goal is to be recognised as a responsible information technology and payment solutions enterprise and to build a sustainable cooperation with society.

ESG FRAMEWORK

The Board plays a primary role in overseeing the Group’s ESG endeavours. The Board reviews the ESG policy and oversees the execution of the Group’s ESG strategy and issues, ensuring that the ESG strategy reflect the Company’s core values. To assist the Group in managing daily ESG matters, the Group has established an ESG working group. The ESG working group, comprises of one executive director, members from the top management and head of various departments, which reports directly to the Board for any ESG improvement area and manages the risks and opportunities of ESG issues. All departments of the Group shall, based on their own functions, take charge of the implementation of ESG work and report ESG performance annually.



Environmental, Social and Governance Report

PRINCIPLES

This report was made under the following principles:

Materiality	Quantitative
Materiality was assessed based on the results obtained from stakeholder engagement. The material issues identified were verified by the Board.	We used quantitative methods to measure and disclose applicable key performance indicators (“KPIs”). The methodologies, assumption or calculation have been explained in the corresponding context, where applicable.
Balance	Consistency
The content and data provided in the report are unbiased. We discussed both our achievements and rooms for improvement in all the ESG aspects.	We adopted consistent methodologies to allow a fair comparison of our performance over time. Where applicable, changes to the methods or KPIs used have been explained in the corresponding section.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is indispensable to the Group’s journey to sustainability. We aim to response and feedback to any material concerns of the stakeholders on a timely manner. To evaluate our performance on ESG, we communicated with our stakeholders through various channels of communication. Their opinions are reflected to the ESG report.

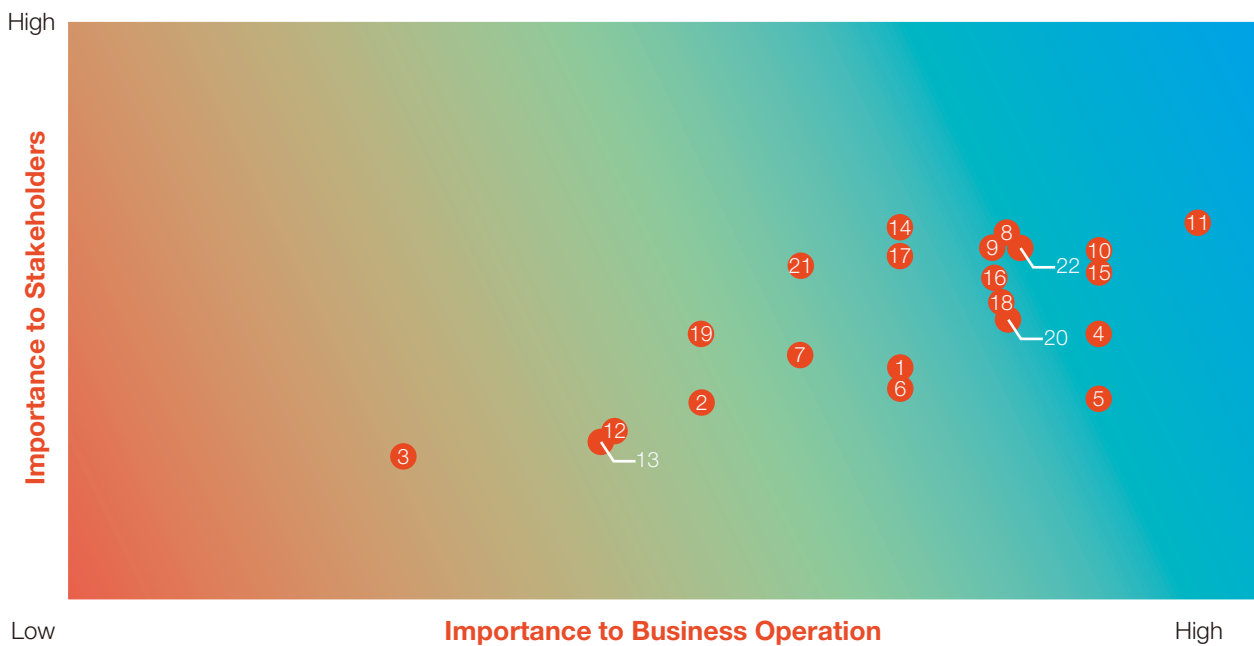
Stakeholders	Ways of Communication
Government and regulatory bodies	<ul style="list-style-type: none"> • Verbal and written communications on a need basis • Supervision on the compliance with local laws and regulations
Investors and shareholders	<ul style="list-style-type: none"> • Regular general meeting and notices • Regular financial reports and announcements • Circulars and press release • Company website
Customers	<ul style="list-style-type: none"> • Customer service hotline • Customer meetings • Regular communications with customers • On-site visits • Questionnaires
Suppliers and business partners	<ul style="list-style-type: none"> • Regular meetings • On-site visits • Questionnaires
Employees/subcontractors	<ul style="list-style-type: none"> • Regular intranet communication • Internal staff training • Regular meetings • Questionnaires
Community	<ul style="list-style-type: none"> • Seminars and conference with market practitioners, peers and related associations • Press release

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

The Group conducts a materiality assessment that included an in-depth interviews and surveys with both our internal and external stakeholders. Based on the communication with stakeholders, we realised that as an enterprise who focus on information technology and payment solutions, talent management, products responsibilities and services are the key concerns for most of our stakeholders, that could have a material impact on the sustainability of our operations and that are of interest to stakeholders. We conducted a materiality assessment that included internal evaluations and surveys with both our internal and external stakeholders and the materiality of the ESG topics is evaluated as follows:

Materiality Matrix



According to the result from the materiality assessment, we have identified 9 most material areas as follow:

- 8 Labour Standards and Labour Relations (Prohibit Child Labour, Forced Labour)
- 9 Equal Rights (including Workforce Diversity, Equal Opportunities, Discrimination)
- 10 Employee Development and Training
- 11 Employee Safety and Health
- 14 Employee Welfare
- 15 Responsible Business Compliance
- 16 Service Quality and After Sales Services
- 18 Protection and Respect for Intellectual Property Rights
- 22 Protection of Personal Data and Customer Privacy

Based on the results of materiality assessment, the ESG report will disclose the aspects with high importance in detail in response to major internal and external concerns.

Environmental, Social and Governance Report

STAKEHOLDERS FEEDBACK

We value the opinion of different stakeholders. If you have any comments and suggestions on this ESG report, you may submit your feedback to us at: investor.enquiry@eftsolutions.com.

A WORKPLACE

Talent Management

Employees are the greatest assets of the Group and are most valuable treasure for enterprise development. We pay attention to driving towards a more desirable workplace, enabling employees to excel, fair and dedicating ourselves to provide employees' suitable working environment as well as enhancing their career development and unleashing their potential.

As at 31 March 2022, we have a total of 73 employees and 19 of subcontractors. All our employees are full time staff. During the year ended 31 March 2022, the monthly turnover rate of the employees is 1.14%. All our employment is voluntary and strictly complies with the applicable employment laws in Hong Kong, Macau and Australia and we do not employ any child labour. The Group forbids all types of compulsory work. The Human Resources and Administrative Department would inspect the identification documents of candidates during the recruitment process to prevent recruiting any child labour. The Group was not aware of any non-compliance cases in relation to employment laws and regulations of Hong Kong, Macau and Australia.

The number of employee turnover rate is illustrated below:

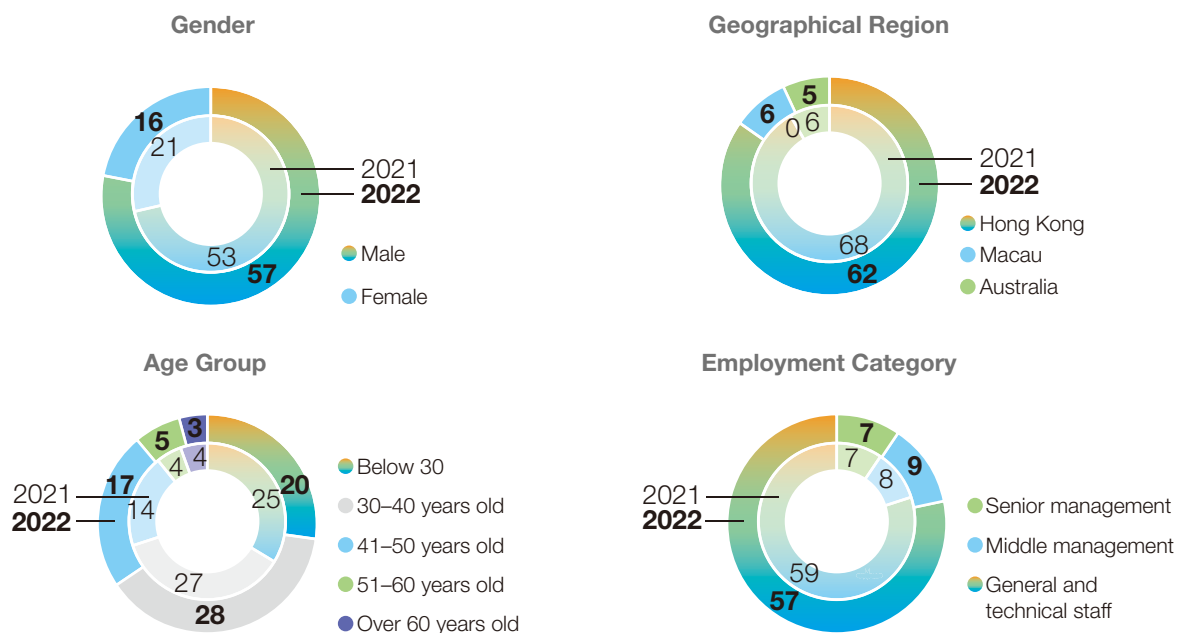
Year		2022	2021	2020
Monthly turnover rate by geographical location	Hong Kong	1.03%	1.13%	1.34%
	Macau	0.11%	N/A	N/A
	Australia	–	0.11%	–
Monthly turnover rate by gender	Male	1.03%	1.01%	0.72%
	Female	0.11%	0.23%	0.62%
Monthly turnover rate by employment type	Full time	1.14%	1.24%	1.34%
	Part time	–	–	–
Monthly turnover rate by employment category	Senior management	–	–	0.10%
	Middle management	–	–	0.21%
	General and technical staff	1.14%	1.24%	1.03%
Monthly turnover rate by age group	Below 30	0.81%	0.45%	0.62%
	31–40	0.11%	0.34%	0.31%
	41–50	0.11%	0.34%	0.31%
	51–60	–	0.11%	0.10%
	Over 60	0.11%	–	–

Environmental, Social and Governance Report

Diversity

We recognise the benefits of diversified staff structure and believe it as one of the vital elements in sustaining a competitive advantage of the Group. We are dedicated to providing equal opportunities for all employees in different employment aspects, including remuneration, recruitment and promotion. We have zero tolerance for discrimination or harassment in any form. The gender diversity of the directors stands at 14% (1 female out of 7 directors). The Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours.

Total Workforce by Gender, Geographical Region, Age Group and Employment Category



Compensation

We offer competitive remuneration package, including pay, welfare and other benefits in the form of bonus and healthcare benefits to attract and retain talent. The bonus system is performance-based and designed to reward employees with high performance. Appraisals are reviewed on half-year basis to evaluate individual performance and contribution. The appraisal results will be used as a reference for salary adjustment, the determination of bonus and remuneration reward, promotion and placement. Besides the remuneration package, we adopt special scheme to recognise and reward employees who have made contribution to the development of the Group.

Environmental, Social and Governance Report

Talent Recruitment

We believe that a diversified employee background can help put forward the Group's development. Our Staff Handbook emphasises the importance of equality of opportunities and commitment to ensure an equal employment environment for all staff, job applicants and other concerned parties. We consistently apply to all job applicants the same requirements level, irrespective of its gender, nationality, race, religious, age, sexual orientation or family status. Employment is offered only to the best suitable applicants with reference to their merits and abilities to meet the requirements of the jobs, irrespective of whether they are referrals or direct applicants.

Employee Departure

We value our relationship with our employees and handle employee departure strictly in accordance with applicable laws and regulations in Hong Kong, Macau and Australia. We arrange an exit interview with each of the departing employees (whether by resignation or dismissal) to understand the reasons for their departure and welcome any of their suggestions.

Employee Training and Development

Employee talent is our most important asset. We invest heavily in employee development and training. We embrace the fast-growing information technology and payment solutions industries by constantly bringing in new tools and technology know-how to our employees. All staff are encouraged to participate in personal and professional training in order to maintain their competitiveness and provide better service to our clients. We consider that our success is attributable to our employees and we provide the training to all staff according to the individual training program annually. Accordingly, we intend to continue investing in our personnel by:

Induction Training

In order to let our new employee to promptly adapt to the operation and working environment of Company and their new positions, induction trainings will be provided to new employee when they join the Group to enable them to understand our culture, policies, rules and regulations.

On-the-job Coaching

With regard to our business needs, the Group organises training regularly for our employees to gain a better understanding of the business and to keep them abreast of the latest knowledge and skills in order to pursue continuous development of the Group. We would also participate in trainings and seminars given by our suppliers and customers to equip our employees with the latest technical knowledge in the industry.

Environmental, Social and Governance Report

During the year ended 31 March 2022, we conducted trainings in the form of in-house training courses and training seminars for 67 of our employees. The number of employees trained and average training hours completed per employee by gender and employee category are illustrated below:

Year	2022		
	Number of employees trained	Average training hours	
By Gender	Male	51	14
	Female	16	15
By Employee category	Senior management	5	15
	Middle management	8	14
	General and technical staff	54	14

Note: Relevant figures have been disclosed from 2022 onwards.

Employee Communication

We emphasise the importance of open communication with our employees. The Group has established various communication channels for employees to file any complaints or concerns in the workplace. Our employees could file their comments and suggestions to our reporting mailbox or submit their comments directly to the Human Resources and Administrative Department.

Health and Safety

Although the operation of the Group does not involve production, we strive to provide a safe and comfortable work environment for our employees. The Group is dedicated to maintaining a safe, hygienic and productive workplace by minimising the potential risk of accidents, injuries and exposure in relation to health risks. These measures including but not limited to the well-established fire service systems in offices; all our employees are provided with Group medical insurance and dental check; the staffs and subcontractors are provided with suitcases to carry heavy equipment etc. We have also established various safety guidelines and preventive measures for our employees to understand the appropriate use of office equipment and working at warehouses to enhance workplace safety.

To ensure employee awareness of safe and healthy workplace behaviours and maintain high occupational safety and health standard across the Group, we carried out several fire safety inspections and strictly implemented various safety management measures during the year to enhance employees' fire safety awareness and emergency response capability in an all-round manner.

Environmental, Social and Governance Report

In the face of the Coronavirus Disease-2019 (“**COVID-19**”) pandemic, in order to ensure the health and safety of our staff and subcontractors, extensive measures have been implemented, including:

- requires staff to use protective masks in the offices;
- conduct temperature checks and rapid COVID-19 testing;
- implement the work from home policy;
- implement the split team arrangement;
- suspense all the business travelling plan;
- provision of protective masks to our staff;
- maintain good indoor ventilation of our offices;
- business contingency plan is set up to manage business operations under the pneumonia outbreak;
- utilise electronic communication systems; and
- intensified cleaning of our offices and suspense any visitor to our offices.

During the year ended 31 March 2022, we have no reportable injuries nor any lost days due to work injury. The Group did not violate any health and safety laws and regulations of Hong Kong, Macau and Australia and we had not been subject to any fines or other penalties in relation to occupational health and safety.

B SUPPLY CHAIN MANAGEMENT

We mainly source from Hong Kong, Mainland China, Taiwan and Singapore. The Group’s procurement for its core business mainly are EFT-POS terminals and peripheral devices. We procure the EFT-POS terminals and peripheral devices from the World’s top manufacturers with high reputation and credibility. Those suppliers have already established sustainability policies in related to the environmental and social aspects.

We put ethical sourcing into practice and encourage our suppliers to implement sustainability practices. In addition to quality, cost, service fulfilment of specifications and logistics arrangements requirements, we consider the business ethics, environmental protection, human rights and labour practices and performance when selecting suppliers.

We also undertake annual performance reviews with our suppliers. If any problem is identified, we will arrange meeting with the suppliers and require them to conduct corrective measures promptly. We have established a supplier exit mechanism for unqualified suppliers.

Environmental, Social and Governance Report

The number of suppliers by geographical region is illustrated below:

Year	2022	2021	2020
Geographical region	Number	Number	Number
The PRC	4	8	12
Hong Kong	10	16	15
Overseas	3	6	4

During the year ended 31 March 2022, we were not aware that any of our key suppliers had any significant actual and potential negative impacts on business ethics, environmental protection, human rights and labour practices, nor any non-compliance issues.

C PRODUCT RESPONSIBILITY

We continue to strive to provide reliable products and services, by acting responsibly and protecting the interests of various stakeholders.

Product Safety

Our EFT-POS terminals have passed stringent tests. The software of each model of our EFT-POS terminals complies with electronic payment standards acceptance certification of each of the acquirer (i.e. acquiring bank or payment processor that processes credit or debit card payments on behalf of a merchant) before the acquirer can purchase and deploy or lease the EFT-POS terminal to merchants for electronic payment in the market. Meanwhile, the security of electronic payment is an important component of the industry. With the certification of the Payment Card Industry Data Security Standard, our devices are validated with international standards to provide safe and reliable services to customers.

Quality Assurance

The Group is committed to providing customers with high-quality services and solutions. To this end, we have established internal operating guidelines to manage the quality control required for our business streams. To ensure that our EFT-POS system support services meet customers' requirements, we strictly adhere to the service standards set out in the agreement. In our sourcing of EFT-POS terminals and peripheral devices, although we rely on the quality control of our suppliers who are typically leading global EFT-POS terminal manufacturers possessing stringent quality control standards, we also conduct inspection of the received goods to ensure the quality with satisfactory result. We perform full check when we load the software to the EFT-POS terminals before deployment to customers.

We generally offer to customers a hardware warranty of 12 months which covers the defects of the EFT-POS terminal. Our information technology team is responsible for the quality of the software solution services by conducting a series of pilot testing prior to deployment to our customers.

Environmental, Social and Governance Report

Customer Service

We provide 24/7 hotline services for our customers. Our operation department comprises of customer service and technical support expertise are responsible for our EFT-POS system support services. We establish comprehensive procedures in handling enquires depending on different situations. We identify and prioritise each case based on the urgency. We set out procedures and timeframe within which each enquiry needs to resolve. We ensure that the customers' concerns are properly addressed to foster long-term relationship.

Complaints are transferred and handled directly by a designated customer service manager for investigation. Incident report with action plan are prepared to prevent future occurrence. During the year ended 31 March 2022, we have not received any complaints on our product or services from our customers that cause material impact to the Group.

Customer Data and Privacy Protection

We act as the linkage between EFT-POS terminal manufacturers and acquirers, as well as between merchants and acquirers. Our EFT-POS terminals and electronic payment system do not retain any user's (individual card holder) personal information. For our software solution business, only authorised staff on a need-to-know basis can access and process the personal data and access to records and data without authorisation is strictly prohibited. The Group has also developed an IT policy included in the Staff Handbook that regulates our staff in proper use of and handling of customer data.

We maintain suitable and sufficient security infrastructure, including anti-virus, anti-spam software, data security and backup, to minimise cyber threats. Our information technology employees are well-trained to monitor our network to detect any suspicious traffic and prevent potential cyber risk. During the year ended 31 March 2022, the Group had not been involved in any events of divulging customer data and private information.

Intellectual Property Rights

We respect third party intellectual property rights. We would enter into non-disclosure agreement with each of our business partners to protect the trade secrets for both of our business partners and ourselves. We have also adopted internal measures for overall source code protection and confidentiality management which specifies the relevant responsibilities of our employees, customers and other third parties when handling our proprietary and confidential information. Furthermore, our information technology employees are generally required to enter into standard employment contracts, which contain provisions requiring them to keep confidential our proprietary information and business secrets which they are entitled to access to, and also provides that all intellectual property invented or produced by the employees during the course of their employment with us shall belong to us.

During the year ended 31 March 2022, the Group did not have any material disputes or any other pending legal proceedings of intellectual property rights with third parties.

Environmental, Social and Governance Report

D ANTI-CORRUPTION

The Group has complied with relevant laws and regulations including Hong Kong's Prevention of Bribery Ordinance and has included the Prevention of Bribery Policy in the Staff Handbook. The Group has established an "Anti-Money Laundering Policy" and "Anti-Corruption Policy" with reference to the applicable laws and regulations which require its business department officers to fully understand the background of potential customers in accordance with relevant internal guidelines before signing of contractual agreement.

The Group is committed to creating a corporate culture of integrity and justice by accepting internal complaints and whistleblowing. The Group encourages the reporting of suspected business irregularities. In terms of the reporting of abnormal and corruption behaviour, the Group has also established a whistle blowing policy. Reporting mailbox is set up to provide a channel for employees to report on violations, corruption, bribery and suspicious incidents.

The Group also encourages continuous training and stringent monitoring. Employees at all levels of the company possess a sense of risk, legal and compliance awareness with the knowledge of anti-money laundering and anticorruption. Internal audit is conducted in order to ensure the Group's compliance with ethical standards.

In order to reinforce a culture of integrity and compliance among our employees, during the year ended 31 March 2022, we required all our directors and our employees in Hong Kong to complete the online anti-bribery and anti-corruption trainings to refresh their understanding of compliance obligations and strengthen their anti-bribery and anti-corruption awareness.

During the year ended 31 March 2022, there were no confirmed incidents or public legal cases regarding corruption against the Group or its employees.

E ENVIRONMENT

Greenhouse gas ("GHG") emissions from human activities are considered as one of the major causes of climate change. The Group adopts policies to minimise its environmental footprint in operation. We continue to reduce the environmental impact of our operations and to promote the energy-saving and environmental friendly practices to our suppliers and business partners.

We were awarded the Green Office Eco-Healthy Workplace Awards Labelling Scheme (GOALS) by the World Green Organisation in July 2021 in recognition of our efforts to achieve the Sustainable Development Goals.



Environmental, Social and Governance Report

Climate Change

Our business operations could be significantly affected by climate change. In order to protect the long-term stable operation of the Company from climate change-related physical and transition risks, we actively identify and review risks and prioritise resources to mitigate and manage any emergent and significant risks for our operations and businesses. When climate change imposes different risks to us, there are also opportunities for our operations if we can take the right approach in addressing the issue.

Risks

Transition Risks

Policy and Legal Risk

- We may be subject to legal liability, disciplinary punishment or business reputation losses due to non-compliance with climate-related policies or laws.

Market Risk

- Customers and potential investors appetite for sustainable products or services have increased. We may fail to provide a sufficient disclosure for sustainable products or services and lose our customers and potential investors.

Reputational Risk

- We may fail to align the business model with the low-carbon transition of our society. The failure may damage the Group's reputation.

Physical Risks

Acute Risk

- Increase in extreme weather events, such as typhoons and floods may result in physical damage to facilities or operational disruptions, resulting in higher maintenance costs and insurance premiums.
- Suppliers may be unable to provide the raw materials in a timely manner due to the extreme weather events, resulting in disruption of the Group's business.

Chronic Risk

- Increase in temperature increase the energy consumption and operation costs.

Opportunities

Energy Efficiency

- Reduce in energy consumption reduce the Group's operation costs.

Products and Services

- The increasing momentum of customers to use environmentally friendly products. The transformation of the Group in terms of low carbon emissions can provide us with a competitive advantage.

Environmental, Social and Governance Report

Sustainability Targets

The Group has formulated environment-related targets to facilitate the monitoring and improvement of environmental performance. The detailed goals are as follows:

Category	Objective	2025 Targets as compared with 2020 baseline	Progress Updates
Carbon emission	Reduction of GHG intensity per floor area	25%	The interim target for 2022 has been achieved
Resource consumption	Reduction of electricity consumption per floor area	10%	This target is formulated in 2022
	Reduction of water consumption per floor area	5%	This target is formulated in 2022
	Reduction of use of paper per employee	10%	For the details, please see “Use of Paper” section

Sustainability Initiative

The Group set up various control measures to improve energy efficiency and to reduce wastage. These measures included:

- Maintaining the office room temperature at 25.5°C;
- Using energy-saving LED lighting;
- Sending out internal notices to remind employees to switch off electronic equipment before leaving the office;
- Turning off all lighting and air conditioners when not in use;
- Setting up recycling stations in the office to collect and recycle used papers, plastic bottles, aluminium, glass;
- Promoting the recycling of office paper; and
- Providing thermos cup to employees to reduce the use of bottled water and disposable cups.

Environmental, Social and Governance Report

Emissions

Due to our business nature, our operations do not have significant impact to the environment. The majority of GHG emissions are indirectly generated from electricity consumed at the Group's workplace. The following table sets out the data of the GHG emissions for the year ended 31 March:

Type	Unit	2022	2021	2020
Scope 1 (Direct GHG emissions) ¹	tonnes of CO ₂ e	10.23	11.26	8.20
Scope 2 (Energy indirect GHG emissions) ²	tonnes of CO ₂ e	20.15	77.88	93.96
Scope 3 (Indirect GHG emissions) ³	tonnes of CO ₂ e	5.25	5.02	5.32
Total GHG emission (scope 1, 2 and 3)	tonnes of CO ₂ e	35.63	94.16	107.48
GHG intensity per employee	tonnes of CO ₂ e/employee	0.49	1.27	1.33
GHG intensity per floor area	tonnes of CO ₂ e/square feet ("sq.ft")	0.0023	0.0066	0.0093
Nitrogen Oxide (NO _x) ⁴	g	2,729.27	3,106.03	2,261.92
Sulphur Oxide (SO _x) ⁴	g	55.55	61.12	44.51
Particulate Matter (PM) ⁴	g	200.95	228.69	166.54

Notes:

1. The data covers emissions from combustion of fuels in mobile sources controlled by the Group. The emission factors are adopted from "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by Hong Kong Exchanges and Clearing Limited.
2. The data covers emissions resulting from the generation of the electricity which the Group purchased. The emission factors of Hong Kong are adopted from "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by Hong Kong Exchanges and Clearing Limited. The emission factors of Macau are adopted from the Sustainability Report 2020 of Companhia de Electricidade de Macau (CEM) and the emission factors of Australia are adopted from The National Greenhouse Accounts Factors Workbook August 2021 published by the Department of Industry, Science, Energy and Resources of Australia.
3. The data covers emissions from use of paper waste disposed, fresh water and sewage discharge. The comparative figures have been restated to reflect the inclusion of paper waste disposed.
4. Distance travel based on calculation of fuel consumption and vehicle specification.

During the year ended 31 March 2022, the Group was not aware of any non-compliance with relevant standards, rules and regulations that have a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Environmental, Social and Governance Report

Use of Resources

The resources used by the Group are principally electricity, water and paper in offices. The Group recognises environmental conservation as one of the most important missions. We promote the green office practices with the 4Rs: Reduce, Recycle, Reuse and Replace, which aim to reduce and control environmental pollution arising from the day-to-day working practices and included all these requirements in our staff handbook.

The energy used during the year ended 31 March is as follows:

Type	Unit	2022	2021	2020
Fuel used for company vehicles	litres	3,779	4,158	3,028
Electricity consumed	kWh	44,620	152,055	188,751
Electricity consumed per floor area	kWh/sq.ft	2.86	10.68	16.28

Due to the outbreak of COVID-19 pandemic, the Group implemented work from home and split team policies, the Group recorded a significant decrease in electricity consumed.

Use of Water

In view of principal business activities of the Group, we do not consume significant amounts of water. Although water consumption is considered as minimal, we encourage saving water by driving behavioural changes in the workplace. We cultivate our staff's saving habits by posting "saving water" tips on the sink. The Group has also installed water dispenser machines to encourage staff to switch from drinking bottled water. The Group has also well maintained the water taps and pipes to prevent leakage of water.

The water consumed during the year ended 31 March is as follows:

Type	Unit	2022	2021	2020
Total water consumption	m ³	331	336	376
Water consumption per floor area	m ³ /sq.ft	0.021	0.024	0.032

Note: The amount of water consumed represents the amount of water consumed according to the water bills received.

Environmental, Social and Governance Report

Waste Management

Our operations produced limited wastes which are mainly office wastes. The wastes are collected and managed by the property management office of the rented properties. Hazardous waste such as fluorescent tubes and electronic equipment are managed by approved specialist contractors. The Group did not generate any hazardous waste during the year.

We also encourage our employees to reuse and recycle the containers and utensils and designate the recycling boxes to collect the office's wastes and recyclables in order to reducing the office wastes.

We did not generate any industrial wastewater. The Group's office generates limited amount of domestic wastewater. All the wastewater has been connected to the municipal sewage pipeline network and entered the urban sewage treatment plant, which is discharged according to the required standards.

Use of Packaging Material

In case of the new EFT-POS terminal, we use manufacturer original paper box for delivering the terminals to the merchants. In order to further reducing the use of packaging material and waste, we reuse the plastic bag to wrap the EFT-POS terminals and peripheral devices. During the year ended 31 March 2022, the Company has used 390 kg of plastic bag (2021: 263 kg) as packaging material.

Use of Paper

The Group continuously promotes paperless office and encourages staff to reduce paper usage in their daily work to create a green office. We actively promoting the recycling of office paper. Staff are encouraged to print double side and use of e-channels to disseminate corporate information. During the year ended 31 March 2022, the Company has used 997.92 kg of paper (2021: 948.02 kg). The use of paper per employee is 13.67 kg per employee (2021: 12.81 kg per employee). Due to the postponement of launching the new CRM system for electronic filing of document records in our operation team, we have a delay in completing our reduction target to reduce our paper consumption. We will continue on these initiatives to achieve the 2025 Sustainability Target.

Environmental, Social and Governance Report

F COMMUNITY INVESTMENT

We are actively participating in activities to help protect the environment and encourage our employees to raise the awareness of the environmental issues. During the year ended 31 March 2022, over 20 employees participated in the environmental workshop organised by Christian Family Service Centre. During the event, they made soap with coffee pulp and donated to low income families. We also supported the CFSC Mooncake 2021 Event to raise funds to support children with special education need.



The Group has been awarded the Caring Company Logo from the Hong Kong Council of Social Service's Caring Company Scheme, in recognition of our commitment to fulfilling the corporate social responsibilities.



In the future, the Group will actively encourage employees to contribute time and skills to the communities in order to benefit local communities in respect of environmental protection, committing corporate social responsibilities and enhance the corporate value of the Group.

Environmental, Social and Governance Report

APPENDIX I – ESG REPORTING GUIDE CONTENT INDEX

Subject Area, Aspects, General Disclosures and KPIs		Disclosures or Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on:	E – Environment
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	
KPI A1.1	The types of emissions and respective emission data	E – Environment – Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	E – Environment – Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	E – Environment – Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	This data is currently being consolidated, and will be disclosed when available
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	E – Environment – Sustainability Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	E – Environment – Waste management

Environmental, Social and Governance Report

Subject Area, Aspects, General Disclosures and KPIs

Disclosures or Remarks

Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	E – Environment – Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	E – Environment – Emissions
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	E – Environment – Use of Water
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	E – Environment – Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	There is no issue in sourcing water for operation E – Environment – Sustainability Targets
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	E – Environment – Use of Packaging Material

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	E – Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Group business activities do not cause significant impact to the environment and natural resources

Aspect A4: Climate Change

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	E – Environment – Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	E – Environment – Climate Change

Environmental, Social and Governance Report

Subject Area, Aspects, General Disclosures and KPIs

Disclosures or Remarks

B. Social

Aspect B1: Employment

General Disclosure

Information on:

A – Workplace

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare

KPI B1.1

Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region

A – Workplace – Talent Management

KPI B1.2

Employee turnover rate by gender, age group and geographical region

A – Workplace – Talent Management

Aspect B2: Health and Safety

General Disclosure

Information on:

A – Workplace – Health and Safety

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to providing a safe working environment and protecting employees from occupational hazards

KPI B2.1

Number and rate of work-related fatalities in each of the past three years including the reporting year

A – Workplace – Health and Safety

KPI B2.2

Lost days due to work injury

A – Workplace – Health and Safety

KPI B2.3

Description of occupational health and safety measures adopted, how they are implemented and monitored

A – Workplace – Health and Safety

Environmental, Social and Governance Report

Subject Area, Aspects, General Disclosures and KPIs

Disclosures or Remarks

Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	A – Workplace – Employee Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category	A – Workplace – Employee Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category	A – Workplace – Employee Training and Development

Aspect B4: Labour Standards

General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	A – Workplace – Talent Management
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	A – Workplace – Talent Management
KPI B4.2	Description of steps taken to eliminate such practices when discovered	A – Workplace – Talent Management

Operating Practices

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain	B – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	B – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	B – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	B – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	B – Supply Chain Management

Environmental, Social and Governance Report

Subject Area, Aspects, General Disclosures and KPIs

Aspect B6: Product Responsibility

General Disclosure	Information on:	Disclosures or Remarks
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	C – Product Responsibilities
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	No material product sold or shipped was recalled for safety and health reasons during the year
KPI B6.2	Number of products and service related complaints received and how they are dealt with	C – Product Responsibilities – Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	C – Product Responsibilities – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures	C – Product Responsibilities – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	C – Product Responsibilities – Customer Data and Privacy Protection

Environmental, Social and Governance Report

Subject Area, Aspects, General Disclosures and KPIs	Disclosures or Remarks
Aspect B7: Anti-corruption	
General Disclosure	Information on:
	D – Anti-corruption
	(a) the policies; and
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer
	relating to bribery, extortion, fraud and money laundering
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases
	D – Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored
	D – Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and employees
	D – Anti-corruption
Community	
Aspect B8: Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests
	F – Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)
	F – Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area
	F – Community Investment

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF EFT SOLUTIONS HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of EFT Solutions Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 67 to 142, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter

How our audit addressed the key audit matter

Impairment assessment of trade receivables

We had identified impairment assessment of trade receivables as a key audit matter because significant judgments had to be made for the assessment of the recoverability for each debtor including trading history, credit history and forecast of future events and economic conditions which may impact the recoverability of trade receivables.

As disclosed in note 22 to the consolidated financial statements, the carrying amount of trade receivables of the Group as at 31 March 2022 was approximately HK\$39,757,000, net of allowance for credit losses of approximately HK\$3,222,000.

Our procedures in relation to the impairment assessment of trade receivables included:

- Obtaining an understanding of the Group's credit risk management and practices, and assessing the Group's impairment provisioning policy in accordance with the requirements of applicable accounting standards.
- Assessing the reasonableness of management's loss allowance estimates on trade receivables by examining the information used by management to form such judgments, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information and examining the actual losses recorded during the year and assessing whether there was an indication of management bias when recognising loss allowances.
- Testing, on a sample basis, large individual aged receivables balances understanding the rationale for management's provisioning decisions by reference to payment patterns during the year as well as other information available.
- Assessing the level of cash collected by the business after the year end of past due receivable balances to consider any additional provisioning requirements.

Independent Auditor's Report

Key Audit Matter

Impairment assessment of goodwill

We had identified impairment of goodwill as a key audit matter because significant judgement had to be made for the assessment of recoverable amounts of the relevant cash-generating-units, of which the goodwill were allocated.

In determining the recoverable amount of the cash-generating-units, the management has made key assumptions in the value in use calculations, including but not limited to the forecast of revenue growth rates, discount rates and the forecast performance based on management's view of future business prospects.

As disclosed in note 19 to the consolidated financial statements, the carrying amount of goodwill of the Group as at 31 March 2022 was approximately 10,578,000.

How our audit addressed the key audit matter

Our procedures in relation to the impairment assessment of goodwill included:

- Evaluating the independent external valuer's competence, capabilities and objectivity.
- Challenging the reasonableness of key assumptions based on our knowledge of the business and industry.
- Evaluating the historical accuracy and the growth rate of the financial budget used in the discounted cash flows by comparing the historical budget to actual results.
- Testing the data adopted in the discounted cash flow against appropriate supporting evidence to assess its accuracy and reliability.
- Assessing the sensitivity analysis on the significant assumptions to evaluate the extent of impact on the discounted cash flows.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

Independent Auditor's Report

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Yip Kai Yin with Practising Certificate Number P07854.

Elite Partners CPA Limited

Certified Public Accountants

10/F, 8 Observatory Road
Tsim Sha Tsui, Kowloon
Hong Kong

24 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	6	103,735	103,967
Cost of sales		(66,047)	(70,017)
Gross profit		37,688	33,950
Other income	8	69	19,162
Other losses	9	(2,694)	(5,718)
Administrative expenses		(21,688)	(17,497)
Operating profit		13,375	29,897
Finance costs	10	–	(34)
Share of results of an associate		–	(647)
Profit before tax		13,375	29,216
Income tax expense	11	(2,681)	(2,467)
Profit for the year	12	10,694	26,749
Profit for the year attributable to:			
Owners the Company		10,434	26,548
Non-controlling interests		260	201
		10,694	26,749
Earnings per share			
– Basic and diluted (HK cents)	15	2.17	5.53

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	2022 HK\$'000	2021 HK\$'000
Profit for the year	10,694	26,749
Other comprehensive (expense)/income		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of the foreign operations	(10)	872
Other comprehensive income for the year, net of tax	(10)	872
Total comprehensive income for the year	10,684	27,621
Total comprehensive income attributable to:		
Owners of the Company	10,418	27,410
Non-controlling interests	266	211
	10,684	27,621

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	15,134	12,096
Right-of-use assets	17	7,235	–
Intangible assets	18	5,927	1,685
Goodwill	19	10,578	227
Investment in an associate	20	–	–
Deposits paid	22	254	13,225
		39,128	27,233
CURRENT ASSETS			
Inventories	21	13,728	6,231
Trade and other receivables	22	42,283	38,254
Prepaid tax		281	1,713
Bank balances and cash	23	56,427	54,833
		112,719	101,031
CURRENT LIABILITIES			
Trade and other payables	24	29,316	12,552
Tax payables		1,311	308
		30,627	12,860
NET CURRENT ASSETS		82,092	88,171
TOTAL ASSETS LESS CURRENT LIABILITIES		121,220	115,404

Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	25	884	952
NET ASSETS			
CAPITAL AND RESERVES			
Share capital	26	4,800	4,800
Reserves		115,076	109,458
Equity attributable to owners of the Company		119,876	114,258
Non-controlling interests		460	194
TOTAL EQUITY		120,336	114,452

The consolidated financial statements on pages 67 to 142 were approved and authorised for issue by the board of directors on 24 June 2022 and are signed on its behalf by:

Lo Chun Kit Andrew
DIRECTOR

Lo Chun Wa
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to the owners of the Company					Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 <i>(Note a)</i>	Exchange reserve HK\$'000 <i>(Note b)</i>	Retained earnings HK\$'000			
As at 1 April 2020	4,800	53,545	(10,228)	(474)	51,805	99,448	(17)	99,431
Profit for the year	-	-	-	-	26,548	26,548	201	26,749
Other comprehensive income								
Exchange differences arising on translation of foreign operations	-	-	-	862	-	862	10	872
Total comprehensive income for the year	-	-	-	862	26,548	27,410	211	27,621
Dividend recognised as distribution <i>(Note 14)</i>	-	-	-	-	(12,600)	(12,600)	-	(12,600)
As at 31 March 2021	4,800	53,545	(10,228)	388	65,753	114,258	194	114,452

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Attributable to the owners of the Company					Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note a)	Exchange reserve HK\$'000 (Note b)	Retained earnings HK\$'000			
As at 1 April 2021	4,800	53,545	(10,228)	388	65,753	114,258	194	114,452
Profit for the year	-	-	-	-	10,434	10,434	260	10,694
Other comprehensive income								
Exchange differences arising on translation of foreign operations	-	-	-	(16)	-	(16)	6	(10)
Total comprehensive income for the year	-	-	-	(16)	10,434	10,418	266	10,684
Dividend recognised as distribution (Note 14)	-	-	-	-	(4,800)	(4,800)	-	(4,800)
As at 31 March 2022	4,800	53,545	(10,228)	372	71,387	119,876	460	120,336

Notes:

- (a) Special reserve represents the difference between the entire issued shares of EFT Solutions Limited ("EFT") acquired by the Group amounting to HK\$100 and the consideration for acquiring EFT by EFT Solutions International Limited ("EFT Solutions International"), a wholly-owned subsidiary of the Group, amounting to approximately HK\$10,228,000 pursuant to the reorganisation, the details of which are set out in the prospectus of the Company dated 5 December 2016.
- (b) Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the exchange reserve. Exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of the foreign operations.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

Note	2022 HK\$'000	2021 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	13,375	29,216
Adjustments for:		
Written-off of property, plant and equipment	2	9
Written-off of obsolete inventories, net of reversal	859	1,833
Depreciation of property, plant and equipment	4,068	2,370
Depreciation of right-of-use assets	275	1,444
Bank interest income	(1)	(2)
Amortisation of intangible assets	1,384	256
Gain on disposal of an associate	–	(13,710)
Finance costs	–	34
Impairment loss under expected credit loss model, net of reversal	2,458	5,709
Share of results of an associate	–	647
Operating cash flows before movements in working capital	22,420	27,806
(Increase)/decrease in inventories	(8,351)	2,534
(Increase)/decrease in trade and other receivables	(5,783)	10,391
Increase/(decrease) in trade and other payables	15,989	(2,621)
Cash generated from operations	24,275	38,110
Income taxes paid	(326)	(5,480)
NET CASH GENERATED FROM OPERATING ACTIVITIES	23,949	32,630
INVESTING ACTIVITIES		
Purchase of intangible asset	(3,955)	(137)
Purchase of property, plant and equipment	(4,410)	(6,203)
Purchase of right-of-use asset	(7,510)	–
Rental deposit paid	(104)	(79)
Interest received	1	2
Proceeds from disposal of an associate	–	16,034
Deposits paid for acquisition of property, plant and equipments	(254)	(4,195)
Deposits paid for acquisition of a subsidiary	–	(4,000)
Net cash outflow on acquisition of a subsidiary	33 (1,313)	–
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(17,545)	1,422

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK\$'000	2021 HK\$'000
FINANCING ACTIVITIES		
Repayment of bank borrowings	–	(116)
Interest paid	–	(1)
Repayment of lease liabilities	–	(1,535)
Dividend paid	(4,800)	(12,600)
NET CASH USED IN FINANCING ACTIVITIES	(4,800)	(14,252)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,604	19,800
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE REPORTING PERIOD	54,833	34,844
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(10)	189
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD, Representing bank balances and cash	56,427	54,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

EFT Solutions Holdings Limited (the “**Company**”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 26 May 2016. Its registered office is located at Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is located at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong.

The Company’s shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 December 2016.

The Company is an investment holding company and its subsidiaries are principally engaged in sales of electronic fund transfer at point-of-sale (“**EFT-POS**”) terminals and peripheral devices, provision of EFT-POS system support services, software solutions services and embedded system solution services. Its parent and ultimate holding company is LCK Group Limited (“**LCK**”), a private company incorporated in British Virgin Islands (the “**BVI**”). Its ultimate controlling party is Mr. Lo Chun Kit, Andrew (“**Mr. Lo**” or the “**Controlling Shareholder**”).

The presentation currency of the consolidated financial statements is Hong Kong dollar (“**HK\$**”), which is the same as the functional currency of the Group and all values are rounded to the nearest thousand of Hong Kong dollar (“**HK\$’000**”).

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out in note 4. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

(A) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 4, HKFRS 7 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(continued)*

(B) New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests even if this results in non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements*.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of an associate are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of an associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment in an associate *(continued)*

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

Where a group entity transacts with its associate profits or losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the interests in the associate that are not related to the Group.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets’ estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

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

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Terminal management system	5 years
Software system	3 ¹ / ₃ years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“**FVTPL**”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including deposits paid, trade and other receivables (excluded prepayment) and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Written-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A written-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and others payables (excluded contract liabilities) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group’s performance in transferring control of goods or services.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combination, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee *(continued)*

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (“**foreign currency**”) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollar) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in exchange reserve.

On the disposal of a foreign operation that is, a disposal of the Group’s entire interest in a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employee’s relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the Commonwealth of Australia (the “**Australia**”) are recognised as an expense in profit or loss as incurred.

Short-term benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

Government grants

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

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to settle or recover the carrying amount of its liabilities and assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities and contingent assets

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Segment reporting

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segment reporting *(continued)*

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

Related parties

A party is considered to be related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 4, the management of the Group is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables measured at amortised cost

The Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of every reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL are disclosed in note 22.

Impairment for goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The net carrying amounts of goodwill as at 31 March 2022 was approximately HK\$10,578,000. Details of the impairment testing on goodwill are disclosed in notes 19.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

6. REVENUE

Disaggregation of revenue from contracts with customers for the year

	2022 HK\$'000	2021 HK\$'000
Sales of EFT-POS terminals and peripheral devices	38,230	41,836
Provision of system support and software solution services	65,505	62,131
	103,735	103,967

	2022 HK\$'000	2021 HK\$'000
Timing of revenue recognition:		
At a point in time	41,452	45,737
Over time	62,283	58,230
	103,735	103,967

Performance obligations for contracts with customers

(i) Sales of EFT-POS terminals and peripheral devices

Revenue from sales of EFT-POS terminals and peripheral devices are recognised at a point in time when the goods have been delivered to the customer's specific location. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is ranging from 30 days to 45 days upon delivery.

A contract liability is also recognised when the customers pay deposit before the Group transfers control of the products to the customers.

(ii) Provision of system support and software solution services

The Group provides system support and software solution services to customers. The customers simultaneously receive and consume the benefit provided by the Group, accordingly, the revenue is recognised as a performance obligation satisfied over time. Advance consideration is recognised as contract liabilities before services provided and is released over the period of services. The Group also provided tailor made software solution services to customers. This is recognised at a point in time when control of the services is transferred to the customer, generally on delivery of the goods to specific locations and customers obtaining control of the services. The normal credit term is ranging from 30 days to 45 days upon delivery.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

6. REVENUE (continued)

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contract for sales of EFT-POS terminals and peripheral devices and provision of system support and software solution services such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contract for sales of EFT-POS terminals and peripheral devices and provision of system support and software solution services that had an original expected duration of one year or less.

7. SEGMENT INFORMATION

Information reported to Mr. Lo, being the chief operating decision maker (the “CODM”), for the purpose of resource allocation and assessment of segment performance, focuses on types of goods delivered or services provided.

Specifically, the Group’s reportable and operating segments are as follows:

Sales of hardware devices	–	Sales of EFT-POS terminals and peripheral devices
System support and software solution services	–	Provision of system support, software solution services, POS software solutions services and embedded system solution services

Segment information about these reportable and operating segments is presented below:

Year ended 31 March 2022

	Sales of hardware devices HK\$'000	System support and software solution services HK\$'000	Consolidated HK\$'000
Segment revenue – external customers	38,230	65,505	103,735
Segment results	13,803	20,668	34,471
Other income			63
Unallocated expenses			(21,159)
Profit before tax			13,375

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

7. SEGMENT INFORMATION *(continued)*

Year ended 31 March 2021

	Sales of hardware devices HK\$'000	System support and software solution services HK\$'000	Consolidated HK\$'000
Segment revenue – external customers	41,836	62,131	103,967
Segment results	16,690	17,124	33,814
Other income			18,371
Finance costs			(34)
Share of results of an associate			(647)
Unallocated expenses			(22,288)
Profit before tax			29,216

There is no inter-segment sales for both years.

Segment results represent the profit earned by each segment without allocation of certain other income, finance costs, share of results of an associate and other unallocated expenses including depreciation and amortisation expenses, and directors' remuneration that are not directly attributable to segments as disclosed in the above table. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

7. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2022 HK\$'000	2021 HK\$'000
Segment assets		
Sales of hardware devices	27,398	15,580
System support and software solution services	36,626	20,725
Total segment assets	64,024	36,305
Unallocated assets	87,823	91,959
Consolidated assets	151,847	128,264
Segment liabilities		
Sales of hardware devices	21,355	4,437
System support and software solution services	5,106	6,170
Total segment liabilities	26,461	10,607
Unallocated liabilities	5,050	3,205
Consolidated liabilities	31,511	13,812

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, right-of-use assets, intangible assets, investment in an associate, certain deposits and prepayment, prepaid tax and bank balances and cash that are not attributable to respective segment.
- all liabilities are allocated to operating segments other than certain other payables and accrued expenses, lease liabilities, tax payables and deferred tax liabilities that are not attributable to respective segment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

7. SEGMENT INFORMATION *(continued)*

Other segment information

Year ended 31 March 2022

	Sale of hardware devices HK\$'000	System support and software solution services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>				
Impairment loss of trade receivables, net of reversal	934	1,750	–	2,684
Written-off of obsolete inventories, net of reversal	859	–	–	859
<i>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:</i>				
Impairment loss of deposits and other receivables, net of reversal	–	–	(226)	(226)
Depreciation of property, plant and equipment	–	–	4,068	4,068
Depreciation of right-of-use assets	–	–	275	275
Amortisation of intangible assets	–	–	1,384	1,384
Written-off of property, plant and equipment	–	–	2	2
Additions to non-current assets <i>(Note)</i>	–	–	20,274	20,274

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

7. SEGMENT INFORMATION *(continued)*

Other segment information *(continued)*

Year ended 31 March 2021

	Sale of hardware devices HK\$'000	System support and software solution services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>				
Impairment loss of trade receivables, net of reversal	21	(132)	–	(111)
Written-off of obsolete inventories	1,833	–	–	1,833
<i>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:</i>				
Impairment loss of deposits and other receivables, net of reversal	–	–	5,820	5,820
Depreciation of property, plant and equipment	–	–	2,370	2,370
Depreciation of right-of-use assets	–	–	1,444	1,444
Amortisation of intangible assets	–	–	256	256
Written-off of property, plant and equipment	–	–	9	9
Additions to non-current assets <i>(Note)</i>	–	–	10,340	10,340

Note: Non-current assets include property, plant and equipment, right-of-use asset and intangible assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

7. SEGMENT INFORMATION (continued)

Geographical information

Non-current assets by geographical location

An analysis of the Group's non-current assets by geographical location is as follows:

	2022 HK\$'000	2021 HK\$'000
Hong Kong	37,491	12,056
Australia	1,383	1,952
	38,874	14,008

Note: Non-currents assets excluded deposits paid and investment in an associate.

Revenue by geographical location

An analysis of the Group's revenue from external customers by geographical location, determined based on the shipment destination for the sale of hardware devices and the location of services rendered for system support and software solution services are detailed below:

	2022 HK\$'000	2021 HK\$'000
Hong Kong	87,566	74,693
Macau	5,438	13,206
Australia	8,798	14,355
Others	1,933	1,713
	103,735	103,967

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

7. SEGMENT INFORMATION *(continued)*

Information about major customers

Revenue from customers that individually contributing over 10% of the total revenue of the Group during the year are as follows:

	2022 HK\$'000	2021 HK\$'000
Customer A from sales of hardware devices and system support and software solution services segments	19,034	18,269
Customer B from sales of hardware devices and system support and software solution services segments <i>(Note)</i>	10,469	N/A
Customer C from system support and software solution services segment	14,638	15,705

Note: Revenue derived from Customer B did not contribute over 10% of revenue during the year ended 31 March 2021.

Except disclosed above, there is no other customers contributed 10% or more of the Group's total revenue during the years ended 31 March 2022 and 2021.

8. OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Bank interest income	1	2
Gain on disposal of an associate <i>(Note 20)</i>	–	13,710
Income from delivery cost recharged to customers	6	791
Net exchange gain	–	701
Government grants	–	3,958
Others	62	–
	69	19,162

During the year ended 31 March 2021, the Group recognised government grants of HK\$3,958,000 in respect of Covid-19-related subsidies which relates to Employment Support Scheme provided by Hong Kong Government as a support. There were no unfulfilled conditions or contingencies relating to these government grants.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

9. OTHER LOSSES

	2022 HK\$'000	2021 HK\$'000
Net exchange losses	234	–
Impairment loss recognised under expected credit loss model, net of reversal:		
– trade receivables	2,684	(111)
– other receivables	(226)	5,820
Written-off of property, plant and equipment	2	9
	2,694	5,718

10. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest on bank borrowings	–	1
Interest on lease liabilities	–	33
	–	34

11. INCOME TAX EXPENSE

	2022 HK\$'000	2021 HK\$'000
Current tax:		
– Hong Kong Profits Tax	2,063	1,748
– Overseas income tax	686	198
Over-provision in respect of prior years:		
– Hong Kong Profits tax	–	(209)
	2,749	1,737
Deferred tax expense (Note 25)	(68)	730
Total income tax expense for the year	2,681	2,467

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

11. INCOME TAX EXPENSE (continued)

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Tax on overseas profits in Australia and Macau has been calculated at the prevailing tax rate of 25% (2021: 26%) and 12% respectively based on existing legislation, interpretations and practices in respect thereof.

No provision for the PRC enterprise income tax has been made as the Group did not generate any taxable profits in the PRC for both years.

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

	2022 HK\$'000	2021 HK\$'000
Profit before tax	13,375	29,216
Tax at the Hong Kong Profits tax rate of 16.5% (2021: 16.5%)	2,207	4,821
Tax relief of 8.25% on first HK\$2 million assessable profit	(165)	(165)
Tax effect of income not taxable for tax purpose	(135)	(3,367)
Tax effect of expenses not deductible for tax purpose	465	1,366
Tax effect of temporary difference not recognised	33	(60)
Over-provision in respect of prior years	–	(209)
Effect of different tax rates of subsidiaries operating in other jurisdictions	286	91
One-off tax reduction of Hong Kong Profits Tax by Inland Revenue Department	(10)	(10)
Income tax expense for the year	2,681	2,467

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

12. PROFIT FOR THE YEAR

	2022	2021
	HK\$'000	HK\$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration		
– salaries and allowances	2,435	2,424
– discretionary bonus	314	300
– retirement benefits scheme contribution	36	36
Other staff costs		
– salaries and allowances (<i>note</i>)	19,949	19,343
– discretionary bonus	2,567	2,808
– retirement benefits scheme contribution	821	898
Total employee benefits expenses (including directors' emoluments)	26,122	25,809
Auditor's remuneration	600	620
Cost of inventories recognised as expense	21,852	23,610
Depreciation of property, plant and equipment	4,068	2,370
Depreciation of right-of-use assets	275	1,444
Expense relating to short-term leases	2,227	881
Written-off of obsolete inventories, net of reversal (included in cost of sales)	859	1,833
Amortisation of intangible assets	1,384	256

Note: Staff cost of approximately HK\$18,943,000 (2021: HK\$18,709,000) were included in the cost of sales for the year ended 31 March 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's emoluments

The emoluments paid or payable to each of the directors for the years ended 31 March 2021 and 2022 were calculated with reference to their employment as directors or for provision of other services to the Company and the Group, are set out below:

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000 (Note a)	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
For the year ended 31 March 2022					
Executive directors					
Mr. Lo	240	960	240	18	1,458
Lo Chun Wa	144	371	74	18	607
Non-executive directors					
Lam Ching Man	144	-	-	-	144
Lui Hin Weng, Samuel	144	-	-	-	144
Independent non-executive directors					
Dr. Wu Wing Kuen ("Dr. Wu")	144	-	-	-	144
Tso Ping Cheong Brian ("Mr. Tso")	144	-	-	-	144
Wong Ping Yiu ("Mr. Wong")	144	-	-	-	144
	1,104	1,331	314	36	2,785

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (continued)

Directors' and chief executive's emoluments (continued)

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000 (Note a)	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
For the year ended 31 March 2021					
Executive directors					
Mr. Lo	240	960	240	18	1,458
Lo Chun Wa	144	360	60	18	582
Non-executive directors					
Lam Ching Man	144	–	–	–	144
Lui Hin Weng, Samuel	144	–	–	–	144
Independent non-executive directors					
Dr. Wu Wing Kuen (“ Dr. Wu ”)	144	–	–	–	144
Tso Ping Cheong Brian (“ Mr. Tso ”)	144	–	–	–	144
Wong Ping Yiu (“ Mr. Wong ”)	144	–	–	–	144
	1,104	1,320	300	36	2,760

Note:

(a) The bonus is determined having regard to the Group's and the respective member's performance for each year.

Mr. Lo acts as chief executive of the Company and his emoluments disclosed above include those for services rendered by him as chief executive.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors and independent non-executive directors' emoluments shown above were for their services as director.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (continued)

Directors' and chief executive's emoluments (continued)

No emolument were paid by the Group to the directors or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during both years. None of the directors or five highest paid individuals has waived or agreed to waive any emoluments during both years.

Except for those disclosed in material related party transactions in note 32 to the consolidated financial statements, no other transactions, arrangements and contracts in relation to the Group's business to which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

The five highest paid individuals with the highest emoluments in the Group include 1 (2021: 1) director, details of their emoluments are set out in the disclosure above. The remuneration for the remaining 4 (2021: 4) individuals is as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries and allowances	2,975	2,832
Discretionary bonus	703	670
Retirement benefits scheme contributions	72	72
	3,750	3,574

The emoluments of the highest paid individual fell within the following band:

	2022 Number of employees	2021 Number of employees
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	1	1
	4	4

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

14. DIVIDENDS

	2022 HK\$'000	2021 HK\$'000
Dividends recognised as distribution during the year		
– 2021 Final dividend – HK1.00 cents (2021: 2020 final dividend – HK0.625 cents) per share	4,800	3,000
– 2020 interim dividend – HK2.00 cents per share	–	9,600
	4,800	12,600

Subsequent to the end of the reporting period, a final dividend of HK2.00 cents (2021: HK1.00 cents) per share, in respect of the year ended 31 March 2022 (2021: the year ended 31 March 2021) have been proposed by the directors and are subject to approval by the shareholders at the forthcoming annual general meeting.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2022 HK\$'000	2021 HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	10,434	26,548

	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	480,000	480,000

The diluted earnings per share for the year ended 31 March 2022 and 2021 were the same as basic earnings per share as there were no potential outstanding shares for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

16. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK\$'000	Leasehold improvements HK\$'000	Furnitures and fixtures HK\$'000	Office equipment HK\$'000	Total HK\$'000
COST					
As at 1 April 2020	–	3,334	1,061	4,361	8,756
Additions	–	4,004	3	6,196	10,203
Transfer to inventories	–	–	–	(368)	(368)
Written-off	–	–	–	(93)	(93)
Exchange realignment	–	–	–	5	5
As at 31 March 2021 and as at 1 April 2021	–	7,338	1,064	10,101	18,503
Additions	1,590	20	4	5,296	6,910
Acquisition of a subsidiary (note 33)	–	86	5	113	204
Transfer to inventories	–	–	–	(30)	(30)
Written-off	–	–	–	(73)	(73)
Exchange realignment	–	–	–	(1)	(1)
As at 31 March 2022	1,590	7,444	1,073	15,406	25,513
ACCUMULATED DEPRECIATION					
As at 1 April 2020	–	1,789	180	2,350	4,319
Provided for the year	–	1,222	210	938	2,370
Transfer to inventories	–	–	–	(198)	(198)
Eliminated on written-off	–	–	–	(84)	(84)
As at 31 March 2021 and as at 1 April 2021	–	3,011	390	3,006	6,407
Provided for the year	58	1,826	206	1,978	4,068
Transfer to inventories	–	–	–	(25)	(25)
Eliminated on written-off	–	–	–	(71)	(71)
As at 31 March 2022	58	4,837	596	4,888	10,379
CARRYING AMOUNTS					
As at 31 March 2022	1,532	2,607	477	10,518	15,134
As at 31 March 2021	–	4,327	674	7,095	12,096

During the year ended 31 March 2022, office equipment with the carrying amounts of approximately HK\$5,000 (2021: HK\$170,000) was transferred to inventories as a result of the directors changed intention of being held for sale.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Owned properties	Over the lease term period
Leasehold improvements	33%, or over the lease terms, whichever is shorter
Furnitures and fixtures	20%
Office equipment	30%

17. RIGHT-OF-USE ASSETS

	Leasehold land	Leased properties	Total
	HK\$'000	HK\$'000	HK\$'000
COST			
As at 1 April 2020, 31 March 2021 and as at 1 April 2021	–	2,888	2,888
Additions	7,510	–	7,510
Termination	–	(2,888)	(2,888)
As at 31 March 2022	7,510	–	7,510
ACCUMULATED DEPRECIATION			
As at 1 April 2020	–	1,444	1,444
Provided for the year	–	1,444	1,444
As at 31 March 2021 and as at 1 April 2021	–	2,888	2,888
Provided for the year	275	–	275
Termination	–	(2,888)	(2,888)
As at 31 March 2022	275	–	275
CARRYING AMOUNTS			
As at 31 March 2022	7,235	–	7,235
As at 31 March 2021	–	–	–

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For the year ended 31 March 2022

17. RIGHT-OF-USE ASSETS *(continued)*

For the year ended 31 March 2022, the Group paid HK\$9,100,000 to Mr. Lo and Mr. Lo Chu Wa, who are jointly owned, for acquisition of a leasehold land and buildings (the “Property”) for a new office premises in Hong Kong. The Group is the registered owner of the office premises, including the underlying leasehold land. Lump sum payments were made upfront to acquire these property interests. The leasehold land and building components of the office premises are presented separately in right-of-use assets and property, plant and equipment of approximately HK\$7,510,000 and HK\$1,590,000, respectively.

	2022	2021
	HK\$'000	HK\$'000
Expense relating to short-term leases	2,227	881
Total cash outflow for leases	2,227	2,416
Additions to right-of-use assets	7,510	–

For the year ended 31 March 2021, the Group leases various offices premises for its operations. Lease contracts are entered into for fixed term of 2 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office premises. As at 31 March 2022 and 2021, the portfolio of short-term leases is similar to which the short-term lease expense disclosed above.

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For the year ended 31 March 2022

18. INTANGIBLE ASSETS

	Software system HK\$'000 <i>(Note a)</i>	Terminal management system HK\$'000 <i>(Note b)</i>	Total HK\$'000
COST			
As at 31 March 2020	–	2,100	2,100
Addition	–	137	137
Exchange realignment	–	517	517
As at 31 March 2021 and as at 1 April 2021	–	2,754	2,754
Addition	5,650	–	5,650
Exchange realignment	–	(22)	(22)
As at 31 March 2022	5,650	2,732	8,382
ACCUMULATED AMORTISATION AND IMPAIRMENT			
As at 31 March 2020	–	642	642
Charge for the year	–	256	256
Exchange realignment	–	171	171
As at 31 March 2021 and as at 1 April 2021	–	1,069	1,069
Charge for the year	848	536	1,384
Exchange realignment	–	2	2
As at 31 March 2022	848	1,607	2,455
CARRYING AMOUNTS			
As at 31 March 2022	4,802	1,125	5,927
As at 31 March 2021	–	1,685	1,685

Notes:

- (a) It represented the software system acquired by the Group during the year ended 31 March 2022.
- (b) It represented the technologies in relation to the management of EFT-POS terminals through cloud computing.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

19. GOODWILL

	2022 HK\$'000	2021 HK\$'000
Cost and carrying amounts		
Provision of embedded system solution services	227	227
Provision of maintenance services of EFT-POS system	10,351	–
	10,578	227

Notes:

- (a) During the year ended 31 March 2019, the Group acquired 75% issued share capital of Newport Tek Pty Ltd (“**Newport**”) and therefore goodwill of approximately HK\$227,000 was recognised upon completion of the acquisition.

Management performed assessments on the recoverable amounts of the cash generating unit (“**CGU Newport**”) based on the cash flow forecast of the business. Management considered that there was no impairment of goodwill in relation to these operations as at 31 March 2022 (31 March 2021: Nil).

- (b) During the year ended 31 March 2022, the Group acquired 100% issued share capital of Faster Technology Service (Macau) Limited (the “**FTS**”) and therefore goodwill of approximately HK\$10,351,000 was recognised upon completion of the acquisition.

Management performed assessments on the recoverable amounts of the cash generating unit (“**CGU FTS**”) based on the cash flow forecast of the business. Management considered that there was no impairment of goodwill in relation to these operations as at 31 March 2022.

Impairment testing on goodwill

Goodwill has been allocated for impairment testing purposes to the following groups of cash generating units:

- Provision of embedded system solution services
- Provision of maintenance services of EFT-POS system

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

19. GOODWILL *(continued)*

Impairment testing on goodwill *(continued)*

Newport

The goodwill of Newport arose from the acquisition of Newport during the year ended 31 March 2019. Newport principally engaged in software and application development on payment system and provision of the embedded system solutions services since 2016. Newport has tailor-made the software and application on the payment system to customers. The services provide to the customers in Australia, and provides system support and software solution services income to the Group.

In preparing the consolidated financial statements for the year ended 31 March 2022, the Group has engaged an external valuer to perform valuation on the recoverable amount of CGU Newport for embedded system solution services based on a value in use calculation. The valuation had used cash flows projection based on financial budgets approved by management which covered a 5-year period, and incorporated therein, a discount rate of 19.3%; in addition, those expected cash flows beyond 5-year period contain 2% growth rate. This growth rate is based on the industry in which the CGU Newport operates.

The Group estimates the recoverable amounts of CGU Newport based on higher of fair value less costs of disposal and value in use. The carrying amount of the relevant assets does not exceed the recoverable amount based on value in use and no impairment has been recognised.

FTS

The goodwill of FTS arose from the acquisition of FTS during the year ended 31 March 2022. FTS principally engaged in provision of maintenance services of EFT-POS system since 2018. FTS provided the EFT-POS maintenance services in Macau, and provides system support and software solution services income to the Group.

In preparing the consolidated financial statements for the year ended 31 March 2022, the Group has engaged an external valuer to perform valuation on the recoverable amount of CGU FTS for provision of maintenance services based on a value in use calculation. The valuation had used cash flows projection based on financial budgets approved by management which covered a 5-year period, and incorporated therein, a discount rate of 15.7%; in addition, those expected cash flows beyond 5-year period contain 1.5% growth rate. This growth rate is based on the industry in which the CGU FTS operates.

The Group estimates the recoverable amounts of CGU FTS based on higher of fair value less costs of disposal and value in use. The carrying amount of the relevant assets does not exceed the recoverable amount based on value in use and no impairment has been recognised.

Notes to the Consolidated Financial Statements

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20. INVESTMENT IN AN ASSOCIATE

During the year ended 31 March 2021, the Group disposed of its 18.3% equity interests in Open Sparkz Pty Ltd (“**Open Sparkz**”), a company incorporated in Australia, to Goinvest Limited which ultimately beneficially owned by Ms. Louise Maree DALEY, who is an individual independent of and not connected with the Company and its connected persons, for proceeds of Australian dollar (“**AUD**”) 2,707,162.50 (equivalent to approximately HK\$16,034,000). This transaction has resulted in recognition of a gain in profit or loss, calculated as follows.

	HK\$'000
Cash consideration received	16,034
Less: carrying amount of investment in an associate	(2,324)
Gain on disposal of an associate	13,710

During the year ended 31 March 2021, the Group shared the loss of Open Sparkz for the period up to the date of disposal was approximately HK\$647,000.

Subsequent to the disposal of Open Sparkz, the Group did not have any investment in associate as at 31 March 2021 and 2022.

21. INVENTORIES

	2022 HK\$'000	2021 HK\$'000
Finished goods	6,792	6,231
Goods in transit	6,936	–
	13,728	6,231

The cost of inventories recognised as expenses and included in ‘cost of sales’ with the amounts of approximately HK\$21,852,000 (2021: HK\$23,610,000), which included written-off of obsolete inventories, net of reversal of approximately HK\$859,000 (2021: HK\$1,833,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

22. TRADE AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Current assets		
Trade receivables from contracts with customers	42,979	33,603
Less: allowance for credit losses	(3,222)	(928)
	39,757	32,675
Prepayment, deposits and other receivables	2,264	12,553
Rental deposits paid to the Lo's family and Mr. Lo Chun Wa (a)	263	–
Less: allowance for credit losses	(1)	(6,974)
Total	42,283	38,254
Non-current assets		
Rental deposits paid to the Lo's Family and Mr. Lo Chun Wa (Note (a))	–	381
Deposits paid for acquisition of a subsidiary (Note (b))	–	8,700
	–	9,081
Deposits paid for acquisition of property, plant and equipment	254	2,500
Deposit paid for intangible assets	–	1,695
Less: allowance for credit losses	–	(51)
Total	254	13,225

As at 31 March 2022, included in trade and other receivables are HK\$220,000, HK\$198,000, HK\$273,000 and HK\$6,959,000 denominated in United States dollar (“**US\$**”), Renminbi (“**RMB**”), Macau Pataca (“**MOP**”) and Australian dollar (“**AUD**”) respectively (2021: HK\$868,000, HK\$213,000, HK\$8,700,000 and HK\$3,531,000 denominated in US\$, RMB, MOP and AUD respectively).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

22. TRADE AND OTHER RECEIVABLES (continued)

Notes:

- (a) The properties owned by Mr. Lo and his spouse, Ms. Lam Ching Man ("**Ms. Lam**", collectively referred to as the "**Lo's Family**") and Mr. Lo Chun Wa are used as the office premises of the Group in Hong Kong.
- (b) On 29 March 2021, the Group entered into a sale and purchase agreement to acquire 100% equity interest in FTS with consideration of MOP11,000,000 (equivalent to approximately HK\$10,680,000). As at 31 March 2021, amounts of HK\$8,700,000 was paid to the vendor. The acquisition had been completed during the year ended 31 March 2022 and details of which had been set out in note 33.

The Group allows credit periods of 30 days to 45 days to its trade customers from sales of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period:

	2022	2021
	HK\$'000	HK\$'000
Within 30 days	7,946	8,205
31 – 60 days	7,547	5,438
61 – 90 days	6,808	2,316
91 – 180 days	6,051	6,836
181 – 365 days	11,163	9,562
Over 365 days	242	318
	39,757	32,675

As at 31 March 2022 and 2021, the Group has performed a review of trade receivables for evidence of impairment on the provision matrix to measure the lifetime ECL for trade receivables arising from revenue from contracts with customers. Based on the impairment assessment, the Group has assessed that the expected credit loss for these trade receivables was recognised of approximately HK\$2,509,000 (2021: HK\$21,000) was for expected credit loss on trade receivables. The Group did not hold any collateral as security or other credit enhancement over the trade receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

22. TRADE AND OTHER RECEIVABLES *(continued)*

Movement in the allowance for trade receivables

The following table shows the movement in lifetime ECL that has been recognised under the simplified approach:

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 April 2020	2,101	–	2,101
Impairment loss recognised	21	–	21
Impairment loss reversed	(132)	–	(132)
Transferred to credit-impaired	(1,062)	1,062	–
Written-off	–	(1,062)	(1,062)
As at 31 March 2021 and as at 1 April 2021	928	–	928
Impairment loss recognised	2,509	–	2,509
Impairment loss reversed	–	–	–
Transferred to credit-impaired	(215)	215	–
Written-off	–	(215)	(215)
As at 31 March 2022	3,222	–	3,222

As at 31 March 2022, included in the Group's trade receivables balances are debtors with aggregate gross carrying amounts of approximately HK\$33,676,000 (2021: HK\$24,310,000) was past due as at the end of the reporting period. Out of the past due balances, HK\$9,001,000 (2021: HK\$7,444,000) has been past due 181 days or more and is not considered as in default given there is no recent history of significant defaults from customer and insignificant impact from forward-looking estimates and the directors are in opinion of these balances are still considered as collectible. The trade receivables are regularly reviewed by management to ensure relevant information about specific debtors is updated.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

22. TRADE AND OTHER RECEIVABLES *(continued)*

Movement in the allowance for trade receivables *(continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

	Within 30 days	31–60 days	61–90 days	91–180 days	181–365 days	Over 365 days	Total
2022							
Expected credit loss rate (%)	2.3	4.1	4.9	8.0	8.2	77.7	7.5
Gross carrying amounts (HK\$'000)	8,129	7,868	7,160	6,575	12,164	1,083	42,979
Expected credit losses (HK\$'000)	(183)	(321)	(352)	(524)	(1,001)	(841)	(3,222)
Net carrying amounts (HK\$'000)	7,946	7,547	6,808	6,051	11,163	242	39,757
2021							
Expected credit loss rate (%)	1.7	2.8	2.5	3.4	1.5	36.1	2.8
Gross carrying amounts (HK\$'000)	8,346	5,597	2,376	7,076	9,710	498	33,603
Expected credit losses (HK\$'000)	(141)	(159)	(60)	(240)	(148)	(180)	(928)
Net carrying amounts (HK\$'000)	8,205	5,438	2,316	6,836	9,562	318	32,675

Details of impairment assessment are set out in note 29.

Notes to the Consolidated Financial Statements

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22. TRADE AND OTHER RECEIVABLES *(continued)*

Movement in the loss allowance of deposits and other receivables

The following table show reconciliation on loss allowance of deposits and other receivables under general approach:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As as at 1 April 2020	1,205	–	–	1,205
Transfer to lifetime ECL (credit-impaired)	(1,022)	–	1,022	–
Impairment loss reversed	(8)	–	–	(8)
Impairment loss recognised	52	–	5,776	5,828
Written-off	–	–	(51)	(51)
As at 31 March 2021 and as at 1 April 2021	227	–	6,747	6,974
Transfer to lifetime ECL (credit-impaired)	(175)	–	175	–
Impairment loss reversed	(51)	–	–	(51)
Impairment loss recognised	–	–	–	–
Written-off	–	–	(6,922)	(6,922)
As at 31 March 2022	1	–	–	1

23. BANK BALANCES AND CASH

Bank balances carry interests at prevailing market rates at 0.01% (2021: 0.01%) per annum.

As at 31 March 2022, included in bank balances and cash are HK\$4,524,000 and HK\$4,114,000 (2021: HK\$3,296,000 and HK\$16,640,000) denominated in US\$ and AUD respectively.

24. TRADE AND OTHER PAYABLES

	2022 HK\$'000	2021 HK\$'000
Trade payables	7,730	1,988
Contract liabilities	18,360	8,734
Other payables and accrued expenses	3,226	1,830
	29,316	12,552

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For the year ended 31 March 2022

24. TRADE AND OTHER PAYABLES (continued)

The average credit period on trade payables is 30 days. The aging analysis of the Group's trade payables below is presented based on the invoice date at the end of the reporting period.

	2022 HK\$'000	2021 HK\$'000
Within 30 days	6,254	1,596
31 – 60 days	1,041	288
61 – 90 days	79	103
Over 90 days	356	1
	7,730	1,988

Contract liabilities represented advance payments received from customers for provision of system support and software solution services. The Group received the entire consideration in advance before providing relevant services to customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	2022 HK\$'000	2021 HK\$'000
As at 1 April	8,734	8,365
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the reporting period	(3,710)	(7,005)
Increase in contract liabilities as a result of receiving sales deposits and instalments during the year	13,336	7,374
As at 31 March	18,360	8,734

As at 31 March 2022, included in trade and other payable are HK\$6,299,000, HK\$400,000 and HK\$887,000 denominated in US\$, RMB and AUD, respectively (2021: HK\$209,000, HK\$232,000 and HK\$398,000 denominated in US\$, RMB and AUD, respectively).

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25. DEFERRED TAX LIABILITIES

The followings are the deferred tax liabilities recognised and movements thereon during the current and prior years:

	Loss allowance for ECL HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
As as at 1 April 2020	–	222	222
Credited to profit or loss (<i>Note 11</i>)	–	730	730
As at 31 March 2021 and as at 1 April 2021	–	952	952
Credited to profit or loss (<i>Note 11</i>)	(441)	373	(68)
As at 31 March 2022	(441)	1,325	884

26. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2020, as at 31 March 2021, as at 1 April 2021 and as at 31 March 2022	780,000,000	7,800
Issued and fully paid:		
As at 1 April 2020, as at 31 March 2021, as at 1 April 2021 and as at 31 March 2022	480,000,000	4,800

Notes to the Consolidated Financial Statements

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27. SHARE-BASED PAYMENT TRANSACTION

A share option scheme was adopted and approved by the Shareholders on 23 November 2016 (the “**Share Option Scheme**”).

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the eligible participants have had or may have made to the Group. The Share Option Scheme is valid and effective for a period of ten years commencing from the date of adoption of the scheme.

Eligible participants of Share Option Scheme include:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the board of directors (the “**Board**”), will contribute or have contributed to the Group, the assessment criteria of which are:
 - (a) contribution to the development and performance of the Group;
 - (b) quality of work performed for the Group;
 - (c) initiative and commitment in performing his/her duties; and
 - (d) length of service or contribution to the Group.

The maximum number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other schemes for the time being of the Company shall not exceed 30% of the shares in issue from time to time. Share options of the Company which are lapsed or cancelled for the time being shall not be counted for the purpose of calculating the said 30% limit and the maximum number of shares which may be issued upon exercise of all Options granted and to be granted under the Share Option Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of approval of the Share Option Scheme unless approval for refreshing the 10% limit from the Company’s shareholders has been obtained. The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, outstanding Options and Shares which were the subject of Options which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled (the “**Cancelled Shares**”) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of Options in excess of this 1% limit shall be subject to the issue of a circular and the approval of the Shareholders in general meeting.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

27. SHARE-BASED PAYMENT TRANSACTION *(continued)*

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of ten years from that date. Upon acceptance of an Option to subscribe for Shares granted pursuant to the scheme, the eligible participant shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price for the Shares subject to the Options will be a price determined by the Board and notified to each participant and shall be the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant of the Options; and
- (iii) the nominal value of a Share.

As at 31 March 2022 and 2021, there were no outstanding number of share options available, for granting under the Share Option Scheme to subscribe for shares.

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and the equity balance. The Group's overall strategy remains unchanged throughout the year and from prior years.

The Directors reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through dividend paid to shareholders, issue of new shares, repurchase of existing shares, issue of new debts or redemption of existing debts.

Notes to the Consolidated Financial Statements

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29. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2022 HK\$'000	2021 HK\$'000
Financial assets		
At amortised cost	97,513	100,123
Financial liabilities		
At amortised cost	10,956	3,818

b. Financial risk management objectives and policies

The Group's major financial instruments include deposits paid, trade and other receivables (excluded prepayment), bank balances and cash and trade and other payables (excluded contract liabilities). Details of the financial instruments are disclosed in respective notes. The risk associated with these financial instruments include market risk (interest rate risk and foreign currency risk), credit risk and impairment assessment and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. Details of each type of market risks are described as follows:

(i) *Interest rate risk*

The Group is also exposed to cash flow interest rate risk in relation to bank balances. The Group currently does not enter into any hedging instrument for cash flow interest rate risk. The directors considered that the overall interest rate risk is not significant as the fluctuation of the interest rates on bank balances is considered minimal. Accordingly, no sensitivity analysis is prepared and presented.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

29. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Market risks *(continued)*

(ii) Foreign currency risk

The Group undertakes certain operating transactions in foreign currency, which exposes the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the directors monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should such need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities which exposed to the foreign currency risk as at the end of the reporting period are as follows:

	2022		2021	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
US\$	4,744	6,299	4,164	209
AUD	11,704	887	16,664	398
MOP	–	–	8,700	–
RMB	198	400	213	232

Sensitivity analysis

The Group is not exposed to material foreign exchange risk exposure in respect of HK\$ against US\$ and MOP as long as these currencies are pegged. Therefore US\$ and MOP are excluded from the analysis below.

As assets and liabilities denominated in AUD and RMB arise mainly from entities with functional currency of AUD and RMB, the Group considers there has no material foreign currency risk exposure in respect of AUD and RMB.

The Group currently does not have a foreign currency hedging policy. However, the directors continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

29. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group's liquidity position is monitored on a daily basis by management and is reviewed monthly by the directors. The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The remaining contractual maturities at the end of the reporting period of the Group's financial liabilities and lease liabilities, which are based on contractual undiscounted cash flows and the earliest date of the Group can be required to pay, are within one year or on demand (2021: within one year or on demand).

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, deposits and other receivables, bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The carrying amounts of deposits paid, trade and other receivables and bank balances represent the Group's maximum exposure to credit risk in relation to financial assets. As at 31 March 2022 and 2021, all bank balances were deposited in reputable financial institutions and were hence without significant credit risk. Management does not expect any losses from non-performance by these counterparties. Credit sales are made to selected customers with good credit history.

Trade receivables

The Group has concentration of credit risk as 33% (2021: 31%) and 75% (2021: 78%) of the total accounts receivable was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

The Group has policies in place to ensure that outstanding trade receivables are collected on a timely basis. Trade receivables are subject to the expected credit loss model. The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

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29. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Deposits and other receivables

For deposits and other receivables, the management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL (2021: except for amounts of approximately HK\$6,747,000 was assessed as lifetime ECL (credit-impaired) as a result of deposits and other receivables considered as default). For the year ended 31 March 2022, there is no impairment loss (2021: HK\$5,828,000) are recognised in respect of deposits and other receivables.

Bank balances

The Group deposited bank balances with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to bank balances held to be delayed or limited. The directors monitor the credit rating of these banks on an ongoing basis, and consider that the Group's exposure to credit risk as at 31 March 2022 and 2021 were minimal.

During the year ended 31 March 2022, the Group impairment loss with amounts of approximately HK\$2,509,000 and Nil (2021: HK\$21,000 and HK\$5,828,000) are recognised in respect of trade receivables and deposits and other receivables respectively.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Written-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

c. Fair value measurements of financial instruments

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair value of financial assets and financial liabilities measured at amortised cost were approximate to their carrying amounts.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Dividend payables HK\$'000	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As as at 1 April 2020	–	116	1,502	1,618
Interest paid	–	(1)	–	(1)
Repayment of bank borrowings	–	(116)	–	(116)
Repayment of lease liabilities	–	–	(1,535)	(1,535)
Dividend declared	12,600	–	–	12,600
Dividend paid	(12,600)	–	–	(12,600)
Interest expenses	–	1	33	34
As at 31 March 2021 and as at 1 April 2021	–	–	–	–
Dividend declared	4,800	–	–	4,800
Dividend paid	(4,800)	–	–	(4,800)
As at 31 March 2022	–	–	–	–

31. CAPITAL COMMITMENTS

At the end of each reporting period, the Group had contracted for the following capital commitments:

	2022 HK\$'000	2021 HK\$'000
Contracted, but not provided for:		
– acquisition of a subsidiary	–	1,980
– acquisition of property, plant and equipment	–	6,455
	–	8,435

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

32. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the consolidated statement of financial position and other details disclosed elsewhere in the consolidated financial statements, the Group also entered into the following significant transactions with related parties during the year:

Name of related party	Nature of transactions/balance	2022 HK\$'000	2021 HK\$'000
Affinity Corporation Limited (Note 1)	Rental expense paid	336	336
	Rental deposit	56	56
EFT Payments (Asia) Limited (Note 1)	Sales of EFT-POS terminals and peripheral devices (Note 2)	11,334	9,504
	Provision of EFT-POS system support services	7,701	8,757
	Disposal of property, plant and equipment	6	–
	Acquisition of property, plant and equipment	13	93
	Trade and other receivables	14,440	16,761
LCKB Company Limited (Note 1)	Rental expenses paid	32	–
	Rental deposit	64	–
Mr. Lo	Rental expenses paid	1,271	1,240
	Rental deposit	209	238
Ms. Lam Ching Man (Note 3)	Rental expenses paid	324	324
	Rental deposit	54	54
Mr. Lo Chun Wa (Note 4)	Rental expenses paid	20	180
	Rental deposit	–	30
Fillen Limited (Note 1)	Rental deposit	100	–
Mr. Lo and Mr. Lo Chun Wa (Note 4) (Note 5)	Acquisition of leasehold land and building	9,100	–

Notes:

- Mr. Lo is the ultimate shareholder of Affinity Corporation Limited, LCKB Company Limited, Fillen Limited and EFT Payments (Asia) Limited.
- The prices were made with reference to transactions prices of EFT-POS terminals products of comparable quality, quantity, specifications and delivery deadline and arrangements offered to at least 2 independent third parties in the ordinary and usual course of business.
- Ms. Lam Ching Man is a non-executive director and the spouse of Mr. Lo.
- Mr. Lo Chun Wa is an executive director and the brother of Mr. Lo.
- Details of the acquisition of leasehold land and building are set out in Note 17.

Compensation of key management of personnel

Key management personnel include the directors, and their compensation during the year is set out in Note 13.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

33. ACQUISITION OF SUBSIDIARY

On 1 June 2021, the Group acquired an 100% interest in FTS with consideration of MOP11,000,000 (equivalent to approximately HK\$10,680,000). FTS is principally engaged in the provision of EFT-POS system support service in Macau and was acquired with the objective of improving the Group's financial performance for the operation in Macau. The acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	HK\$'000
Cash	1,980
Deposit paid in prior year	8,700
	10,680

Assets acquired and liabilities recognised at the date of acquisition

	HK\$'000
Property, plant and equipment	204
Trade and other receivables	229
Bank balances and cash	667
Other payable	(580)
Contract liabilities	(191)
	329

Goodwill arising on acquisition

	HK\$'000
Consideration transferred	10,680
Less: recognised amounts of net assets acquired	(329)
Goodwill arising on acquisition	10,351

Goodwill arose on the acquisition of FTS because the acquisition mainly included the assembled workforce of FTS. The benefit was not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

33. ACQUISITION OF SUBSIDIARY *(continued)*

Net cash outflow on acquisition of Faster Technology

	HK\$'000
Cash consideration paid	1,980
Less: bank balances and cash acquired	(667)
	1,313

Impact of acquisition on the results of the Group

Included in the profit for the year was HK\$650,000 attributable to the additional business generated by FTS. Had the acquisition of FTS been completed on 1 April 2021, revenue for the year of the Group from continuing operations would have been HK\$103,757,000, and profit for the year from continuing operations would have been HK\$10,847,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2021, nor is it intended to be a projection of future results.

34. EVENT AFTER THE REPORTING PERIOD

On 9 June 2022, the third reading of a bill for cancelling the Mandatory Provident Fund (“MPF”) offsetting mechanism (the “Bill”) was passed in the Legislative Council. After the Bill takes effect, employers can no longer offset employees’ severance payments or long-service payments against the MPF derived from the employer’s mandatory and voluntary contributions. The offsetting mechanism will be cancelled starting from 2025.

The matter mentioned above will have impact to the Group’s provision for long service payments (“LSP”). Upon the MPF offsetting mechanism is cancelled, the Group can no longer deduct LSP from their portion of MPF contributions. The abolition of the offsetting arrangement has no retrospective effect.

As at the date of the issue of the financial statements, the exact effective date of the abolition is yet to be determined and the details arrangement is yet to be announced by the government. This is a non-adjusting event after the reporting period as the event did not relate to the obligation of the LSP at the end of the reporting period, but reflects the circumstances (i.e. the law) that have arisen subsequently.

The Group has already commenced an assessment of the impact of the Bill to the Group. The Group is not yet in a position to state whether the abolishment of the MPF offsetting mechanism will result in a substantial change to the Group’s financial statements.

Other than the abovementioned, no other material subsequent event noted.

35. MAJOR NON CASH TRANSACTION

During the year ended 31 March 2022, additions of property, plant and equipment was partially settled by deposits for property, plant and equipment with the amounts of approximately HK\$2,500,000 (2021: HK\$4,000,000).

During the year ended 31 March 2022, additions of intangible assets was partially settled by deposits for intangible assets with the amounts of approximately HK\$1,695,000 (2021: Nil).

During the year ended 31 March 2022, acquisition of a subsidiary was partially settled by deposits for acquisition of a subsidiary with the amounts of approximately HK\$8,700,000 (2021: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2022 and 2021 are as follows:

Name of subsidiaries	Place/country of incorporation	Place/country of operations	Particulars of issued share capital/registered capital	Proportion of ownership/interest and voting power held by the Company				Principal activities
				Directly		Indirectly		
				2022	2021	2022	2021	
Direct Assistance Limited	BVI	Hong Kong	100 ordinary shares of US\$100	100%	100%	-	-	Investment holding
Effective Enrich Limited	BVI	Hong Kong	100 ordinary shares of US\$100	100%	100%	-	-	Investment holding
EFT Solutions International Limited	BVI	Hong Kong	1 ordinary share of US\$1	100%	100%	-	-	Investment holding
Mass Zone Limited	BVI	Hong Kong	50,000 ordinary shares of US\$50,000	100%	100%	-	-	Investment holding
Rich Giant Group Limited	BVI	Hong Kong	50,000 ordinary shares of US\$50,000	100%	100%	-	-	Investment holding
Success Creation Limited	BVI	Hong Kong	100 ordinary shares of US\$100	100%	100%	-	-	Investment holding
EFT Solutions Limited	Hong Kong	Hong Kong	100 ordinary shares of HK\$100	-	-	100%	100%	Sourcing of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services and software solution services

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiaries	Place/country of incorporation	Place/country of operations	Particulars of issued share capital/registered capital	Proportion of ownership/interest and voting power held by the Company				Principal activities
				Directly		Indirectly		
				2022	2021	2022	2021	
EFT Services International Limited	Hong Kong	Hong Kong	1 ordinary share of HK\$1	-	-	100%	100%	Investment holding
LCKA Company Limited	Hong Kong	Hong Kong	1 ordinary share of HK\$1	-	-	100%	100%	Property holding
Newport Tek Pty Ltd	Australia	Australia	480 ordinary shares of AUD480	-	-	75%	75%	Provision of embedded system solution services
俊盟信息科技(廣州)有限公司	PRC	PRC	HK\$500,000 registered capital	-	-	100%	100%	Sourcing of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services and software solution services
Faster Technology Services (Macau) Limited	Macau	Macau	MOP25,000 registered capital	-	-	100%	-	Provision of EFT-POS system support service in Macau

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

All of the subsidiaries are private companies with limited liabilities.

The directors consider that the Group's non-controlling interests were insignificant to the Group and thus are not separately presented in these consolidated financial statements for the both years. In addition, no separate financial information of this non-wholly owned subsidiary is required to be presented.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

37. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2022 HK\$'000	2021 HK\$'000
Non-current asset		
Investments in subsidiaries	15,108	15,108
Current assets		
Prepayment and other receivables	298	328
Amounts due from subsidiaries	46,037	47,491
Bank balances and cash	181	182
Tax recoverable	281	–
	46,797	48,001
Current liabilities		
Accruals	1,394	927
Amounts due to subsidiaries	812	784
	2,206	1,711
Net current assets	44,591	46,290
Net assets	59,699	61,398
Capital and reserves		
Share capital	4,800	4,800
Reserves (Note)	54,899	56,598
Total equity	59,699	61,398

Signed on its behalf by:

Lo Chun Kit Andrew
Director

Lo Chun Wa
Director

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

37. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY *(continued)*

Note: **Movement in reserves**

	Share premium HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Total HK\$'000
As as at 1 April 2020	53,545	(10,428)	43,117
Profit and total comprehensive income for the year	–	26,081	26,081
Dividend recognised as distribution	–	(12,600)	(12,600)
As at 31 March 2021 and as at 1 April 2021	53,545	3,053	56,598
Profit and total comprehensive income for the year	–	3,101	3,101
Dividend recognised as distribution	–	(4,800)	(4,800)
As at 31 March 2022	53,545	1,354	54,899

38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 24 June 2022.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the Company's audited consolidated financial statements and the prospectus dated 5 December 2016, is set out below:

RESULTS

	2022 HK\$'000	Year ended 31 March			
		2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	103,735	103,967	119,673	132,937	94,148
Profit before tax	13,375	29,216	8,640	20,428	27,391
Income tax expense	(2,681)	(2,467)	(4,545)	(6,155)	(5,693)
Profit for the year	10,694	26,749	4,095	14,273	21,698

ASSETS AND LIABILITIES

	2022 HK\$'000	As at 31 March			
		2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Total assets	151,847	128,264	118,562	343,638	110,835
Total liabilities	(31,511)	(13,812)	(19,131)	(235,285)	(24,771)
Net assets	120,336	114,452	99,431	108,353	86,064