

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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
Mr. Chan Lung Ming (Resigned on 5 July 2019)

Independent Non-executive Directors

Dr. Wu Wing Kuen B.B.S.
Ms. Yang Eugenia (Resigned on 11 September 2019)
Mr. Tso Ping Cheong Brian
(Appointed on 11 September 2019)
Mr. Ng Ming Fai (Resigned on 28 October 2019)
Mr. Wong Ping Yiu (Appointed on 28 October 2019)

COMPLIANCE OFFICER

Mr. Lo Chun Wa

COMPANY SECRETARY

Ms. Fok Joyce Sing Yan (Resigned on 21 August 2019)
Mr. Li Man Ho (Appointed on 21 August 2019)

AUTHORISED REPRESENTATIVES

Mr. Lo Chun Kit Andrew
Ms. Fok Joyce Sing Yan (Resigned on 21 August 2019)
Mr. Li Man Ho (Appointed on 21 August 2019)

AUDIT COMMITTEE

Dr. Wu Wing Kuen B.B.S.
Ms. Yang Eugenia (Resigned on 11 September 2019)
Mr. Tso Ping Cheong Brian (Chairman)
(Appointed on 11 September 2019)
Mr. Ng Ming Fai (Resigned on 28 October 2019)
Mr. Wong Ping Yiu (Appointed on 28 October 2019)

REMUNERATION COMMITTEE

Mr. Lo Chun Kit Andrew
Dr. Wu Wing Kuen B.B.S.
Mr. Ng Ming Fai (Resigned on 28 October 2019)
Mr. Wong Ping Yiu (Chairman)
(Appointed on 28 October 2019)

NOMINATION COMMITTEE

Mr. Lo Chun Kit Andrew (Chairman)
Dr. Wu Wing Kuen B.B.S.
Mr. Ng Ming Fai (Resigned on 28 October 2019)
Mr. Wong Ping Yiu (Appointed on 28 October 2019)

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

Clifton House
75 Fort Street, 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
Clifton House
75 Fort Street, P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point, Hong Kong

STOCK CODE

8062

COMPANY WEBSITE

www.eftsolutions.com

FINANCIAL HIGHLIGHTS

For the year ended 31 March	2020 HK\$ million	2019 HK\$ million	+ / (-)
Revenue	119.7	132.9	(9.9%)
Gross profit	50.4	57.8	(12.8%)
Operating profit	17.9	30.6	(41.5%)
Profit before tax	8.6	20.4	(57.8%)
Profit for the year	4.1	14.3	(71.3%)
Profit attributable to the owners of the Company	4.2	9.7	(56.7%)

As at 31 March	2020 HK\$ million	2019 HK\$ million	+ / (-)
Total current assets	103.7	121.3	(14.5%)
Total assets	118.6	343.6	(65.5%)
Net current assets	84.8	24.0	253.3%
Total equity	99.4	108.3	(8.2%)

EARNINGS PER SHARE

For the year ended 31 March	2020 HK cents	2019 HK cents	+ / (-)
Earnings per share for profit attributable to the owners of the Company			
– Basic and Diluted	0.88	2.03	(56.7%)

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 2020.

FOREWORD

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

BUSINESS REVIEW

During the year, our dedicated procurement team has been making every effort to source high-quality EFT-POS terminals globally for acquirers and merchants, in order to adapt to industry development and meet customers' needs. Leveraging on our extensive knowledge, experience and professionalism, the Group has won customer trust and built a solid client base which covers various industries.

With the rapid growth of the electronic payment industry in Hong Kong in recent years, a variety of electronic and mobile payment methods have blossomed with various ways of usage. It is expected that “consolidated payment” will be the future trend. The Group's one-stop consolidated payment solution supports multiple popular payment methods and caters to consumer habits. It also simplifies payment procedures, which improves merchants' operating efficiency and in turn drives sales growth.

During the year, the Group also devoted itself to developing EFT-POS terminals system and software, including the introduction of terminal location service, real-time transaction data, and sales trend review, in order to improve the terminal systems and enhance user experience. Implementing efficient payment methods and real-time data analysis will digitalise electronic payment and demonstrate to our customers the potentials of how electronic payment enhances operating efficiency.

Meanwhile, the security of electronic payment is an important component of the industry. With the certification of the Payment Card Industry Data Security Standard (PCI DSS, Payment Card Industry Data Security Standard), our devices are validated with international standards to provide safe and reliable services to customers. Our terminals support all kinds of payment methods, including contactless, insert, card swipe and QR code payment.

PROSPECTS

Over the years, we have been providing services tirelessly to countless enterprises and merchants. As the leading player of the industry and the strongest back-up for our business partners, we will continue to lead the industry to promote cashless payment and help elevate Hong Kong to a smart city.

With an ever-changing global environment and increasing uncertainties, 2020 has proven to be an unpredictable year. However, every challenge is an opportunity. The global lockdown under the pandemic has driven “stay-at-home” retail. Electronic payments, being almost contactless, are considered safer and more hygienic. We believed that consumer habits will be changed. A spike in the usage of electronic payments will be seen and thus promote the demand for EFT-POS terminals and related technologies.

Looking ahead, the Group will continue to review current circumstances and seize every opportunity in order to cater to market demand and industry trends. The Group will also allocate resources to maintain its leading position in technology which enables us to continue to serve our customers in an effective and sustainable manner. Our professional and dedicated team is the cornerstone of our success. Therefore, we will continue to nurture and inspire our employees. The Group strives to provide a career ladder for our employees to advance and develop their potential in an encouraging environment.

Chairman's Statement

In the face of this pandemic, I believe that Hong Kong people will demonstrate our resilience during this trying time and lift each other up despite the adversity, in order to restore the vitality of our society and economy.

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.

“Efficient, Flexible and Trustworthy” is the philosophy which motivates and drives the Group constantly strive for improvement and excellence so that we will continue to craft the Company with exceptional performance in the years to come!

Lo Chun Kit Andrew

Chairman and Chief Executive Officer

Hong Kong, 17 June 2020

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 sourcing of EFT-POS terminals and peripheral devices, the provision of EFT-POS system support services, software solution services, point-of-sale ("**POS**") software solutions 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 sourcing 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 sourcing of EFT-POS terminals and peripheral devices services to acquirers and as well as merchants.

For the year ended 31 March 2020, the Group continued its efforts in developing the sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services, software solution services and embedded system solution services. The Group ceased the provision of POS software solution services through the disposal of 70% of the issued share capital of Earn World Development Limited ("**Earn World Development**"), together with its subsidiaries ("**Earn World Group**") on 17 December 2019.

We expect there are ample opportunities for growth in 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 sourcing, 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 in early 2020 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 our business expansion, 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 2020, the Group recorded revenue of approximately HK\$119.7 million which represented a decrease of approximately 9.9% as compared with approximately HK\$132.9 million for the year ended 31 March 2019.

Revenue

For sourcing of EFT-POS terminals and peripheral devices, revenue of approximately HK\$41.3 million and HK\$50.0 million were recognised for year ended 31 March 2020 and 2019, respectively, which represented a decrease of approximately 17.4% due to the decrease in number of EFT-POS terminals sold.

For provision of system support and software solution services, revenue of approximately HK\$78.4 million and HK\$82.9 million were recognised for year ended 31 March 2020 and 2019, respectively, which represented a decrease of approximately 5.4% due to the significant decrease in provision of POS software solution services and net off by 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\$69.3 million and HK\$75.2 million for the year ended 31 March 2020 and 2019, respectively, which represented a decrease of approximately 7.8% due to decrease in costs of inventories sold and increase of the development cost of POS software projects.

Gross Profit and Gross Profit Margin

The overall gross profit was approximately HK\$50.4 million and HK\$57.8 million for the years ended 31 March 2020 and 2019, respectively, which represented a decrease of approximately 12.8%.

The overall gross profit margin was approximately 42.1% and 43.5% for the years ended 31 March 2020 and 2019, respectively, which represented a slight decrease of approximately 1.4%.

Such decrease of gross profit was primarily due to the Group sourced more EFT-POS terminals and peripheral devices with relatively lower profit margin to customers and significant decrease of profit margin in the market of POS software solutions services in the current year.

Other Losses

Other losses were approximately HK\$8.2 million and HK\$5.5 million for the year ended 31 March 2020 and 2019, respectively, mainly represented the exchange losses, allowance of expected credit losses and the loss on disposal of subsidiary. The other losses were increased mainly due to the loss on disposal of subsidiaries of approximately HK\$4.2 million in the current year.

Staff Costs

Staff costs of approximately HK\$25.3 million and HK\$22.8 million were recorded for the years ended 31 March 2020 and 31 March 2019, respectively, which represented an increase of approximately 11.0%. The increase was mainly due to the increase in the number of staff in the current 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\$17.4 million and HK\$15.4 million were recorded for the years ended 31 March 2020 and 31 March 2019, respectively, which represented an increase of approximately 13.0% which due to the increase of legal and professional fees incurred in the current year.

Management Discussion and Analysis

Finance Costs

Finance costs mainly represented imputed interest expenses on promissory note and interest expenses on bank borrowings.

Finance costs of approximately HK\$7.6 million and HK\$9.1 million were recorded for the years ended 31 March 2020 and 31 March 2019, respectively. The decrease is mainly due to the decrease of the imputed interest expenses on promissory note as the promissory note has been waived after the disposal of the Earn World Group.

Profit for the Period

The Group recorded profit of approximately HK\$4.1 million and HK\$14.3 million for the year ended 31 March 2020 and 31 March 2019, respectively, which represented a significant decrease of approximately 71.3%. It was mainly due to the decrease in sales of sourcing of EFT-POS terminals and peripheral devices and provision of software solution services and POS software solution services and the loss on disposal of subsidiaries.

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 2020, the Group had net current assets of approximately HK\$84.8 million (as at 31 March 2019: approximately HK\$24.0 million) including cash and bank balances of approximately HK\$34.8 million (as at 31 March 2019: approximately HK\$38.2 million). As at 31 March 2020, 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 0.1% (as at 31 March 2019: 191.2%). The significant decrease are due to the waiver of the promissory note and the repayment of bank borrowings.

PLEDGE OF ASSETS

As at 31 March 2020, the Group did not have any pledged assets (as at 31 March 2019: 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 2020, the Group had contracted capital commitment for acquisition of property, plant and equipment of HK\$6.0 million. Up to the date of this report, the Group has paid HK\$4.0 million for the acquisition (as at 31 March 2019: nil).

As at 31 March 2020, the Group did not have any significant capital expenditures (as at 31 March 2019: nil).

As at 31 March 2020, the Group did not have any significant contingent liabilities (as at 31 March 2019: nil).

CAPITAL STRUCTURE

As at 31 March 2020, the Group has nil promissory notes (2019: approximately HK\$193.8 million) and bank borrowings of approximately HK\$0.1 million (2019: approximately HK\$13.3 million). The bank borrowings were for tax purpose and unsecured.

Saved as disclosed above, there has been no change in the Company's capital structure during the year ended 31 March 2020. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

Management Discussion and Analysis

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 2020, the Group employed 81 (2019: 74) 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 2020 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 2020 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 45, 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 21 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 36, 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 12 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 45, 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 12 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 45, 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 21 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 62, 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 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)). 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 HongGuang Lighting Holdings Company Limited (a company listed on the GEM of the Stock Exchange (stock code: 8343)) 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 Food Idea 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 is 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.

Mr. Tso Ping Cheong Brian (“Mr. Tso”), aged 39, 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 15 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, 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: 8216) since November 2019.

Mr. Wong Ping Yiu (“Mr. Wong”), aged 56, 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 45, 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 20 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 43, 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 14 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 36, 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 10 years of professional experience in auditing, accounting and financial reporting.

Senior Procurement and Logistic Manager

Mr. Cheung Chun Bong (“**Mr. Cheung**”), aged 42, 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 15 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 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 2020 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 code of conduct regarding the directors' securities transactions throughout the year ended 31 March 2020.

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 (*appointed on 11 September 2019*)

Mr. Wong Ping Yiu (*appointed on 28 October 2019*)

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 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 of 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 Director and independent non-executive Directors have been initially appointed for a term of three years and automatically extended for 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 act as a 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 keep 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 2020, 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
Mr. Chan Lung Ming (<i>resigned on 5 July 2019</i>)	Yes
Independent Non-executive Directors	
Dr. Wu Wing Kuen <i>B.B.S.</i>	Yes
Mr. Tso Ping Cheong Brian (<i>appointed on 11 September 2019</i>)	Yes
Mr. Wong Ping Yiu (<i>appointed on 28 October 2019</i>)	Yes
Mr. Yang Eugenia (<i>resigned on 11 September 2019</i>)	Yes
Mr. Ng Ming Fai (<i>resigned on 28 October 2019</i>)	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. During the year ended 31 March 2020, the Directors is attended seminars provided by the Hong Kong Institute of Directors ("HKIOD").

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 GEM's website (www.hkgem.com).

Corporate Governance Report

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 2020, 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.

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 exists 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 2020, 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 2020. 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 2020, 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 2020 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 2020 is set out below:

Remuneration band	Number of senior management
HK\$100,001 to HK\$1,000,000	4

Nomination Committee

The Nomination Committee was established on 23 November 2016. As at 31 March 2020, 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.

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 2020, representation of Independent Non-executive Directors on the Board was 42.9%.

As at 31 March 2020, 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	20	4	3	3	1	31
Name of Directors	Number of meetings attended/Number of meetings entitled to attend					
Executive Directors						
Mr. Lo Chun Kit Andrew	20	–	3	3	1	27
Mr. Lo Chun Wa	20	–	–	–	1	21
Non-executive Directors						
Ms. Lam Ching Man	20	–	–	–	1	21
Mr. Lui Hin Weng Samuel	19	–	–	–	1	20
Mr. Chan Lung Ming (Note a)	5	–	–	–	1	6
Independent non-executive Directors						
Ms. Yang Eugenia (Note b)	8	2	–	–	1	11
Mr. Ng Ming Fai (Note c)	11	1	2	2	1	17
Dr. Wu Wing Kuen B.B.S.	20	4	3	3	1	31
Mr. Tso Ping Cheong Brian (Note d)	7	2	–	–	–	9
Mr. Wong Ping Yiu (Note e)	6	2	–	–	–	8

Notes:

- (a) Mr. Chan resigned as a non-executive Director on 5 July 2019.
- (b) Ms. Yang Eugenia resigned as an independent non-executive Director on 11 September 2019.
- (c) Mr. Ng was resigned as an independent non-executive Director on 28 October 2019.
- (d) Mr. Tso was appointed as an independent non-executive Director on 11 September 2019.
- (e) Mr. Wong was appointed as an independent non-executive Director on 28 October 2019.

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 2020, 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 2020, 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	620,000
Non-audit services	540,000
Total	1,160,000

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 2020, 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 is 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 2020, 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, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, 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 GEM 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 2020.

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 2020.

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 41 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 2020 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements from pages 57 to 127 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 March 2020 (2019: nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting is scheduled to be held on Thursday, 6 August 2020 (the "2020 AGM"). Notice of the 2020 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 HK\$0.625 cent per ordinary share for the year ended 31 March 2020 (the "FY2020 Proposed Final Dividend") (31 March 2019: nil). The FY2020 Proposed Final Dividend, if approved, shall be payable on Friday, 18 September 2020 and is subject to the approval of the shareholders of the Company at the 2020 AGM. The shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 20 August 2020 will be entitled to the FY2020 Proposed Final Dividend.

CLOSURE OF REGISTER OF MEMBERS

a. For determining the entitlement of the shareholders to attend and vote at the 2020 AGM

The register of members of the Company will be closed from Monday, 3 August 2020 to Thursday, 6 August 2020 (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 2020 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Friday, 31 July 2020.

b. For determining the entitlement to the FY2020 Proposed Final Dividend

The register of members of the Company will be closed from Monday, 17 August 2020 to Thursday, 20 August 2020 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the FY2020 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, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Friday, 14 August 2020.

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 2020, 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 sourcing 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 2020.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-Competition for the year ended 31 March 2020. The independent non-executive Directors have reviewed the Controlling Shareholders compliance with the Deed of Non-Competition for the year ended 31 March 2020.

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 128 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 30 to the consolidated financial statements.

Directors' Report

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in pages 61 to 62 and 127 respectively of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2020, the Company's reserves available for distribution to the Shareholders amounted to approximately HK\$51,805,000 (2019: approximately HK\$47,660,000).

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 2020 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 15.2% (2019: 13.2%) of the total revenue for the year while the Group's five largest customers accounted for approximately 54.1% (2019: 43.1%) of the total revenue for the year.

The Group's largest supplier contributed approximately 52.8% (2019: 20.8%) of the total cost of goods and services for the year while the Group's five largest suppliers accounted for approximately 73.9% (2019: 62.5%) 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 2020, 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.

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' Report

DIRECTORS

The Directors during the year ended 31 March 2020 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

Mr. Chan Lung Ming (*resigned on 5 July 2019*)

Independent Non-executive Directors

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

Mr. Tso Ping Cheong Brian (*appointed on 11 September 2019*)

Mr. Wong Ping Yiu (*appointed on 28 October 2019*)

Ms. Yang Eugenia (*resigned on 11 September 2019*)

Mr. Ng Ming Fai (*resigned on 28 October 2019*)

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 AGM.

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 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors 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' 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 2020, 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	Personal and interest in a controlled corporation	1	350,685,000	73.06%
Ms. Lam	Interest of spouse	2	350,685,000	73.06%

Notes:

- 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.
- 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 2020, 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.

Directors' Report

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

As at 31 March 2020, 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 2020, 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 2020 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 2020 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 2020 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' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 36 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 36 to the consolidated financial statements, during the year ended 31 March 2020, 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 2020 are set out in Note 36 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 2020, 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; (iv) Affinity Corporation Limited ("**Affinity**"), a company 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 and LV Capital Limited ("**LV Capital**"), a company wholly owned by Mr. Lui, 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	Note
			for the year ended 31 March 2020	
Lease of warehouse, repair centre and office	Mr. Lo	HK\$1,812,000 for (i), (ii), (iii) & (iv)	HK\$792,000	(i), (v)
Lease of office and carpark	Ms. Lam		HK\$324,000	(ii), (v)
Lease of warehouse	Mr. Lo and Mr. Lo Chun Wa		HK\$360,000	(iii), (v)
Lease of warehouse	Affinity Corporation Limited		HK\$336,000	(iv)
Sales of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services and disposal of fixed assets	EFT Payments	HK\$20,000,000	HK\$18,241,137	(vi), (vii)
Business consultancy services	LV Capital	HK\$456,000	HK\$399,000	(viii)

Directors' Report

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), pursuant to which EFT agreed to rent the certain properties for a renewed term commencing on 1 April 2019 and expiring on 31 March 2021 (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), pursuant to which EFT agreed to rent certain properties for a renewed term commencing on 1 April 2019 and expiring on 31 March 2021 (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), pursuant to which EFT agreed to rent a property for a renewed term commencing on 1 April 2019 and expiring on 31 March 2021 (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.
- (iv) On 24 September 2018, EFT (as tenant) and Affinity (as landlord) entered into tenancy agreement (as supplemented on 31 March 2020), pursuant to which EFT agreed to rent a property for a renewed term commencing on 1 April 2020 and expiring on 31 March 2021 (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.
- (v) The above tenancy agreements are exempted continuing connected transactions following their respective renewal on 18 February 2019 and on 31 March 2020.

- (vi) On 17 June 2016, the Company entered into a master supply and services agreement (the “**Existing 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 Existing Master Supply and Services Agreement has been commenced since the date of the Listing and was expired on 31 March 2019 and the Company renew the Existing 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.
- (vii) On 26 November 2018, 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 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.
- (viii) On 16 May 2019, the Company entered into a business consultancy services agreement with LV Capital, pursuant to which LV Capital shall provide business consultancy services to the Company, with effective from 16 May 2019 to 31 March 2020 (both days inclusive) for a monthly retainer fee of HK\$38,000, which was agreed after arm’s length negotiations between the parties with regard to market rates. The monthly retainer fee is payable in advance on the first day of each and every successive calendar month.

Directors' Report

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.

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 2020, 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 2020 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 2020 are set out in Note 13 to the consolidated financial statements of this annual report.

CHARITABLE DONATIONS

During the year ended 31 March 2020, the Group made donation of approximately HK\$14,000 (2019: HK\$50,000) 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.

Directors' Report

EVENT AFTER THE REPORTING PERIOD

The board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2020 and up to the date of 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 2020 and up to the date of report.

By order of the Board
Lo Chun Kit Andrew
Chairman and Chief Executive Officer

Hong Kong, 17 June 2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This is the Environmental, Social and Governance (“**ESG**”) Report for the Group for the year ended 31 March 2020. 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 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, this ESG Report covers the data of the Group’s businesses in sourcing of EFT-POS terminals, EFT-POS system support, EFT-POS software solution services and embedded system solution services for the financial year from 1 April 2019 to 31 March 2020.

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.

GOVERNANCE

The Board reviews the ESG policy and oversees the ESG issues with the support of the ESG Working Group. The ESG Working Group, comprised of members from the management and head of various departments, who is responsible for advising the Board for any ESG improvement area and managing the risks of ESG issues.

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

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	<ul style="list-style-type: none"> • Regular internet 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 interview 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. The materiality of the ESG topics is evaluated as follows:

Materiality Matrix



ESG ASPECTS

Material Areas:

- 10 Employee Development and Training
- 11 Employee Safety and Health
- 13 Employee Benefit
- 15 Service Quality and After Sales Management
- 16 Provision of Stable Services
- 19 Anti-corruption
- 20 Customer Satisfaction
- 21 Protection of Personal Data and Customer Privacy

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.

Environmental, Social and Governance Report

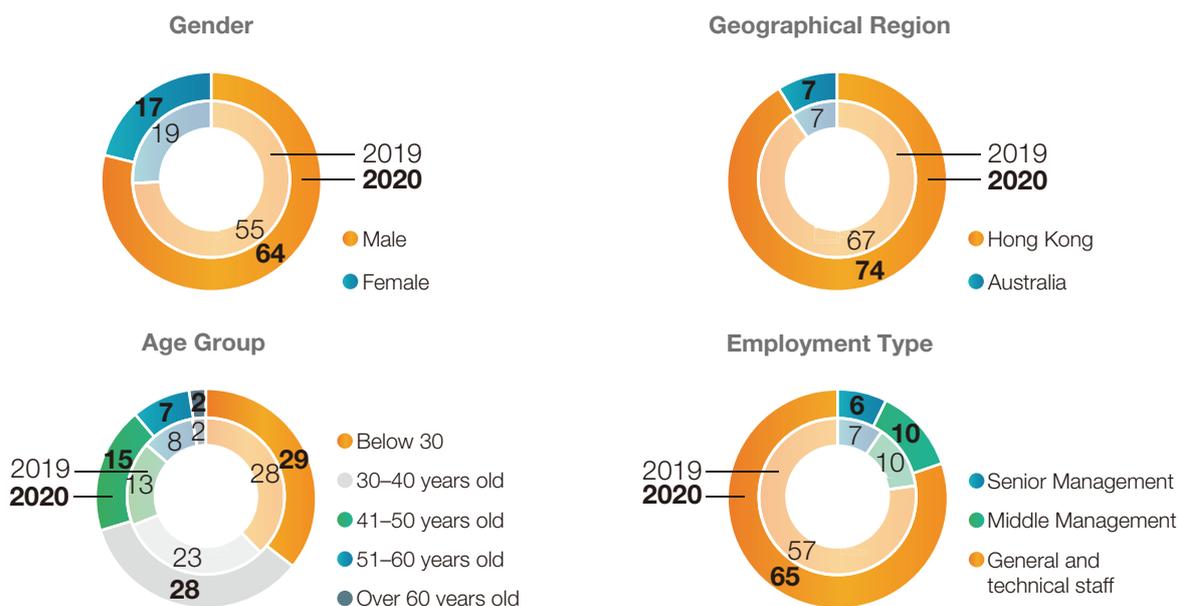
A WORKPLACE

Talent Management

Employees are the most valuable assets of the Group. We aim to driving towards a more desirable workplace, enabling employees to excel themselves, and dedicating ourselves to provide employees' suitable working environment as well as enhancing their career development.

As at 31 March 2020, we have a total of 81 employees and 20 subcontractors. During the year ended 31 March 2020, the monthly turnover rate of the employees is 1.3%. All our employment is voluntary and strictly complies with the applicable employment laws in Hong Kong 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 and Australia.

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



Environmental, Social and Governance Report

The number of employee turnover rate is illustrated below:

Year		2020	2019
Monthly turnover rate by geographical region	Hong Kong	1.34%	1.80%
	Australia	–	0.23%
Monthly turnover rate by gender	Male	0.72%	1.92%
	Female	0.62%	0.11%
Monthly turnover rate by type	Senior Management	0.10%	N/A ^{note}
	Middle Management	0.21%	N/A ^{note}
	General and technical Staff	1.03%	N/A ^{note}
Monthly turnover rate by age group	Below 30	0.62%	0.90%
	31–40	0.31%	1.13%
	41–50	0.31%	Nil
	51–60	0.10%	Nil

Note: Relevant figures have been disclosed from 2020 onwards.

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.

Talent Recruitment

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 applied to all job applicants the same requirements level, irrespective of its gender, nationality, race, religion and age.

Employee Departure

We value our relationship with our employees and handle employee departure strictly in accordance with applicable laws and regulations in Hong Kong 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 staff. 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 quickly adapt to the 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.

Environmental, Social and Governance Report

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. 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.

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 maintain 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 of 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.

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

- perform the daily health check declaration;
- require staff to use protective masks in the offices;
- suspend all the business travelling plan;
- provision of protective masks to our staff;
- temperature screening at all our offices;
- maintain good indoor ventilation of our offices;
- relieve staff from work if they are sick;
- business contingency plan is set up to manage business operations under the pneumonia outbreak;
- utilise electronic communication systems;
- intensified cleaning of our offices and suspense any visitor to our offices; and
- issued guidelines to staffs and contractors on how to protect themselves against the COVID-19.

Environmental, Social and Governance Report

During the year ended 31 March 2020, 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 and Australia and we did not receive any prosecutions in relation to occupational health and safety.

B SUPPLY CHAIN MANAGEMENT

We mainly sourced from Hong Kong, Mainland China and Singapore. The Group's procurement for its core business mainly are EFT-POS terminals and peripheral devices. We select suppliers after taking into account of pricing, quality, fulfilment of specifications and logistics arrangements.

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 would continue to keep track of supplier's performance and incorporate our sustainability measures with regard to the environment, health and safety, and social responsibility into our sourcing practices to identify opportunities to improve their current environmental and social practices.

The number of suppliers by geographical region is illustrated below:

Year	2020
Geographical region	<i>Number</i>
The PRC	12
Hong Kong	15
Overseas	4

During the year ended 31 March 2020, we did not experience any material shortage or delay of supply due to defaults of our suppliers.

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.

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.

Environmental, Social and Governance Report

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.

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 2020, 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 are allowed to 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 2020, 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 every 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 2020, the Group had no material intellectual property rights lawsuit occurred.

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.

Environmental, Social and Governance Report

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.

During the year ended 31 March 2020, 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 environmentally friendly practices to our suppliers and business partners.

We were awarded the Green Office Label and Eco-Healthy Workplace Label in Green Office and Eco-Healthy Workplace Awards Labelling Scheme by the World Green Organisation in July 2019 in recognition of our efforts in promoting green practices at all levels.



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

- Maintaining the office room temperature at 24 to 26°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 and glass;

Environmental, Social and Governance Report

- Promoting the recycling of office paper; and
- Providing thermos cup to employees to reduce the use of bottled water and disposable cups.

By following the above actions, we aim to reduce our GHG emissions per person in 2021 by 10% compared with 2020.

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:

Type	Unit	2020	2019
Scope 1 (Direct GHG emissions)	tonnes of CO ₂ e	8.20	4.21
Scope 2 (Energy indirect GHG emissions)	tonnes of CO ₂ e	93.96	99.32
Scope 3 (Indirect GHG emissions)*	tonnes of CO ₂ e	0.53	0.45
Total GHG emission (scope 1, 2 and 3)	tonnes of CO ₂ e	102.69	103.98
GHG intensity	tonnes of CO ₂ e per person	1.27	1.41
Nitrogen Oxide (NO _x)**	g	2,261.92	1,219.73
Sulphur Oxide (SO _x)**	g	44.51	22.86
Particulate Matter (PM)**	g	166.54	89.81

Notes:

* Scope 3 emissions included water consumption and sewage treatment

** Distance travel based on calculation of fuel consumption and vehicle specification

During the year ended 31 March 2020, 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.

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	2020	2019
Electricity consumed	kWh	188,751	154,677
Fuel used for company vehicles	litres	3,028	1,555

Environmental, Social and Governance Report

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

Type	Unit	2020	2019
Total water consumption	m ³	376	320

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

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.

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 would reuse the plastic bag to wrap the EFT-POS terminals and peripheral devices. During the year ended 31 March 2020, the Company has used 300 kg of plastic bag (2019: 318 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. Staff are encouraged to print double side and use of e-channels to disseminate corporate information. During the year ended 31 March 2020, the Company has used 200,000 sheets of paper. To further reduce paper consumption, the Group targeted to launch a new CRM system for electronic filing of document records in our operation team. We target to reduce our paper consumption in 2021 by 10% compared with 2020.

Environmental, Social and Governance Report

F COMMUNITY INVESTMENT

We are actively participating in community activities to strengthen our connection with the neighbourhoods and committed to building and developing a caring and smart community.

The Group has been awarded the Caring Company Logo from the Hong Kong Council of Social Service's Caring Company Scheme in January 2020, in recognition of our commitment to fulfilling the corporate social responsibilities.



During the year ended 31 March 2020, we established the volunteer team and visited Pok Oi Hospital Wong Muk Fung Memorial Elderly Health Support and Learning Centre, for the purpose of promoting and encouraging electronic payment and celebrating the mid-Autumn Festival with the elderly.

We have continued to support and donate to Médecins Sans Frontières for four consecutive years, which align with our community initiatives. They deliver emergency aid to people based on need and irrespective of race, religion, gender or political affiliation.

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	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	E – Environment – Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	In view of its business nature, the Group does not directly generate hazardous waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	This data is currently being consolidated, and will be disclosed when available
KPI A1.5	Description of measures to mitigate emissions and results achieved	E – Environment – Use of Resources
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	E – Environment – Waste management
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 in total (kWh in '000s) and intensity	E – Environment – Emissions
KPI A2.2	Water consumption in total and intensity	E – Environment – Use of Water
KPI A2.3	Description of energy use efficiency initiatives and results achieved	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 initiatives and results achieved	E – Environment – Use of Water
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

Environmental, Social and Governance Report

Subject Area, Aspects, General Disclosures and KPIs

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, 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

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

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

This data is currently being consolidated, and will be disclosed when available

Environmental, Social and Governance Report

Subject Area, Aspects, General Disclosures and KPIs

Aspect B4: Labour Standards

Subject Area, Aspects, General Disclosures and KPIs	Disclosures or Remarks
General Disclosure	Information on:
	(a) the policies; and
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer
	relating to preventing child and forced labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered
	A – Workplace – Talent Management
	A – Workplace – Talent Management
	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

Aspect B6: Product Responsibility

General Disclosure	Information on:	C – Product Responsibilities
	(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	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	No 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

Aspect B7: Anti-corruption

		Disclosures or Remarks
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 bribery, extortion, fraud and money laundering	D – Anti-corruption
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

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	F – Community Investment
KPI B8.2	Resources contributed to the focus area	F – Community Investment

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS 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 57 to 127, which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), 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.

Independent Auditor's Report

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements for the year ended 31 March 2020. The 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 the key audit matter was addressed in our audit

Impairment of trade receivables

We had identified impairment of trade receivables as a key audit matter because significant judgements 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 23 to the consolidated financial statements, the carrying amount of trade receivables of the Group as at 31 March 2020 was approximately HK\$36,334,000, net of allowance for credit losses of approximately HK\$2,101,000.

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

- Testing the accuracy of the ageing of receivables balances on a sample basis.
- Assessing the reasonableness of management's loss allowance estimates on trade receivables by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances.
- Testing on 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.

OTHER INFORMATION

The directors 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.

Independent Auditor's Report

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 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 HKSAAs 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 HKSAAs, 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, related safeguards.

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 Siu Edmund with Practising Certificate Number P05333.

Elite Partners CPA Limited

Certified Public Accountants

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

17 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	6	119,673	132,937
Cost of goods sold and services		(69,264)	(75,174)
Gross profit		50,409	57,763
Other income	8	601	1,686
Other losses	9	(8,231)	(5,450)
Administrative expenses		(24,848)	(23,384)
Operating profit		17,931	30,615
Finance costs	10	(7,560)	(9,083)
Share of results of an associate		(1,731)	(1,104)
Profit before tax		8,640	20,428
Income tax expense	11	(4,545)	(6,155)
Profit for the year	12	4,095	14,273
Attributable to:			
Owners the Company		4,245	9,746
Non-controlling interests		(150)	4,527
		4,095	14,273
Earnings per share			
– Basic and diluted (HK cents)	15	0.88	2.03

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020 HK\$'000	2019 HK\$'000
Profit for the year	4,095	14,273
Other comprehensive income/(expense)		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of the foreign operations	(427)	60
Reclassification adjustment for a foreign operation disposed of	(77)	–
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value change of equity instruments at fair value through other comprehensive income	600	(700)
Other comprehensive income/(expense) for the year, net of tax	96	(640)
Total comprehensive income for the year	4,191	13,633
Total comprehensive income attributable to:		
Owners of the Company	4,328	9,089
Non-controlling interests	(137)	4,544
	4,191	13,633

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	4,437	5,664
Right-of-use assets	17	1,444	–
Intangible assets	18	1,458	17,118
Goodwill	19	227	175,257
Investment in an associate	20	2,971	4,702
Equity instruments at fair value through other comprehensive income	21	–	19,300
Deposits and prepayment	23	4,302	302
		14,839	222,343
CURRENT ASSETS			
Inventories	22	10,428	5,211
Trade and other receivables	23	58,451	76,738
Tax recoverable		–	1,140
Bank balances and cash	24	34,844	38,206
		103,723	121,295
CURRENT LIABILITIES			
Trade and other payables	25	14,894	16,721
Bank borrowings	26	116	13,343
Promissory notes	27	–	61,849
Lease liabilities	28	1,502	–
Tax payable		2,397	5,401
		18,909	97,314
NET CURRENT ASSETS		84,814	23,981
TOTAL ASSETS LESS CURRENT LIABILITIES		99,653	246,324

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
NON-CURRENT LIABILITIES			
Other payable	25	-	3,200
Promissory notes	27	-	131,970
Deferred tax liabilities	29	222	2,801
		222	137,971
NET ASSETS			
		99,431	108,353
CAPITAL AND RESERVES			
Share capital	30	4,800	4,800
Share premium and reserves		94,648	90,320
Equity attributable to owners of the Company		99,448	95,120
Non-controlling interests		(17)	13,233
TOTAL EQUITY			
		99,431	108,353

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 17 June 2020 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 2020

	Attributable to the owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Share option reserve	FVTOCI reserve	Exchange reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000 (Note d)	HK\$'000	HK\$'000	HK\$'000	
Adjusted balance as at 1 April 2018	4,800	53,545	(10,228)	5,851	-	-	32,063	86,031	-	86,031
Profit for the year	-	-	-	-	-	-	9,746	9,746	4,527	14,273
Other comprehensive income										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	43	-	43	17	60
Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")	-	-	-	-	(700)	-	-	(700)	-	(700)
Total comprehensive income	-	-	-	-	(700)	43	9,746	9,089	4,544	13,633
Transactions with owners										
Lapsed of share option	-	-	-	(5,851)	-	-	5,851	-	-	-
Non-controlling interests arising on business combinations	-	-	-	-	-	-	-	-	8,689	8,689
Total transactions with owners	-	-	-	(5,851)	-	-	5,851	-	8,689	8,689
As at 31 March 2019	4,800	53,545	(10,228)	-	(700)	43	47,660	95,120	13,233	108,353

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Attributable to the owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Share option reserve	FVTOCI reserve	Exchange reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000 (Note d)	HK\$'000	HK\$'000	HK\$'000	
As at 1 April 2019	4,800	53,545	(10,228)	-	(700)	43	47,660	95,120	13,233	108,353
Profit for the year	-	-	-	-	-	-	4,245	4,245	(150)	4,095
Other comprehensive income										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(440)	-	(440)	13	(427)
Reclassification adjustment for a foreign operation disposed of	-	-	-	-	-	(77)	-	(77)	-	(77)
Fair value changes of equity instruments at FVTOCI	-	-	-	-	600	-	-	600	-	600
Total comprehensive income	-	-	-	-	600	(517)	4,245	4,328	(137)	4,191
Disposal of subsidiaries	-	-	-	-	100	-	(100)	-	(13,113)	(13,113)
As at 31 March 2020	4,800	53,545	(10,228)	-	-	(474)	51,805	99,448	(17)	99,431

Notes:

- 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.
- Share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of share options over the relevant vesting period (if any) and is recognised in administrative expenses with a corresponding increase in the share option reserve.
- The FVTOCI reserve represents cumulative gains and losses arising on the revaluation of equity instruments at FVTOCI that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those equity instruments at FVTOCI are disposed of or are determined to be impaired.
- 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 2020

	Notes	2020 HK\$'000	2019 HK\$'000
OPERATING ACTIVITIES			
Profit before tax		8,640	20,428
Adjustments for:			
Loss on fair value changes of financial asset at fair value through profit or loss		–	3,321
Loss/(gain) on disposal of property, plant and equipment		282	(166)
Depreciation of property, plant and equipment		2,301	1,888
Depreciation of right-of-use assets		1,444	–
Bank interest income		(35)	(13)
Amortisation of intangible assets		1,653	1,632
Loss on disposal of subsidiaries		4,170	–
Finance costs		7,560	9,083
Impairment loss on trade receivables		1,966	1,342
Impairment loss on other receivables		1,205	–
Share of results of an associate		1,731	1,104
Operating cash flows before movements in working capital		30,917	38,619
(Increase)/decrease in inventories		(5,217)	1,115
(Increase)/decrease in trade and other receivables		(21,106)	16,798
Increase/(decrease) in trade and other payables		9,645	(5,670)
Cash generated from operations		14,239	50,862
Income taxes paid		(1,690)	(8,728)
NET CASH GENERATED FROM OPERATIONS		12,549	42,134
INVESTING ACTIVITIES			
Purchase of intangible asset		(137)	(2,298)
Proceeds from disposal of property, plant and equipments		28	527
Purchase of property, plant and equipment		(2,010)	(5,883)
Rental deposit (paid)/received		(3)	4
Acquisition of investment in an associate		–	(869)
Bank interest income		35	13
Purchase at equity instruments at FVTOCI		–	(20,000)
Net cash outflow from acquisition of subsidiaries	37	–	(6,247)
Net cash inflow from disposal of subsidiaries	38	1,161	–
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		(926)	(34,753)

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	2020	2019
	HK\$'000	HK\$'000
FINANCING ACTIVITIES		
Proceeds from bank borrowings	1,540	13,344
Repayments of bank borrowings	(14,767)	(5,000)
Interest paid	(200)	(203)
Repayments of lease liabilities	(1,428)	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(14,855)	8,141
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,232)	15,522
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	38,206	22,626
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(130)	58
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, Representing bank balances and cash	34,844	38,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL

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, Clifton House, 75 Fort Street, 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 the 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 sourcing of electronic fund transfer at point-of-sale (“**EFT-POS**”) terminals and peripheral devices, provision of EFT-POS system support services, software solutions services, point-of-sale (“**POS**”) 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 dollars (“**HK\$**”), which is the same as the functional currency of the Group.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared under the historical cost convention except for equity instruments at FVTOCI that are measured at fair value at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 (since 1 March 2019) or HKAS 17 (before application of 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*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

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.

The principal accounting policies are set out below.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

(continued)

HKFRS 16 Leases (continued)

As a lessee

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 2.14%.

	As at 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019	3,299
Less: Recognition exemption – short-term leases	(336)
	2,963
Less: Total future interest expenses	(75)
Lease liabilities discounted at relevant incremental borrowing rates as at 1 April 2019	2,888
Analysed as	
Current	1,386
Non-current	1,502
	2,888

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	2,888
By class:	
Leased properties	2,888

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

(continued)

HKFRS 16 Leases (continued)

As a lessee (continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported as at 31 March 2019 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 as at 1 April 2019 HK\$'000
Non-current assets			
Right-of-use assets	–	2,888	2,888
Current liabilities			
Lease liabilities	–	1,386	1,386
Non-current liabilities			
Lease liabilities	–	1,502	1,502

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 ¹
Amendments to HKFRS 3	Definition of a Business 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 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ⁵

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

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

⁴ Effective for annual periods beginning on or after 1 January 2020.

⁵ Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors anticipate that the application of 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 2020

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of 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 the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the 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.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) 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.

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 *Share-based Payment* at the acquisition date (see the accounting policy below);
- 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; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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. The choice of measurement basis is made on a transaction-by-transaction basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Investments in an associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 associate are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of 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 are 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 the 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.

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.

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.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) 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 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment

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.

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.

(f) Intangible assets

Intangible assets acquired separately

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, 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:

Enterprise Resource Planning ("ERP") retail software	10 years
Terminal management system	5 years

(g) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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.

All other financial assets are subsequently measured at fair value through profit or loss, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, 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 (see below). 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.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade and other receivables (excluded prepayments) and bank balance which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date 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 reporting date. Assessment 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 reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. 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, 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.

(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 reporting date 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

(i) Significant increase in credit risk *(continued)*

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.

(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;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-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 write-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 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (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.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- 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.

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.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial instruments *(continued)*

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 (bank borrowings, trade and others payables (excluded contract liabilities) and promissory notes) 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.

(i) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Revenue from contracts with customers *(continued)*

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.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

(j) Borrowing costs

Borrowing costs which are not eligible for capitalisation for qualifying assets are recognised in profit or loss in the period in which they are incurred.

(k) Leases

Definition of a lease *(upon application of HKFRS 16 in accordance with transitions in note 3)*

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 or arising from business combinations on or after the date of initial application, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Leases *(continued)*

The Group as a lessee *(upon application of HKFRS 16 in accordance with transitions in note 3)*

Short-term leases and leases of low-value assets

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. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets 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.

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

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 as a lessee *(prior to 1 April 2019)*

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) 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 dollars) 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, or a disposal involving loss of control over a subsidiary that includes 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.

(m) Retirement benefit costs

The Group operated the Mandatory Provident Fund Scheme (“**MPF Scheme**”) for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The payments to MPF Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

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

(n) 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.

(o) Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options (“**Option(s)**”) granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share option reserve.

At the end of the reporting period, the Group revises its estimates of the number of Options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the Options are exercised, the amount previously recognised in share option reserve will be transferred to share capital. When the Options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) 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.

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 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.

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.

Current and deferred tax are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) 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 addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

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 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Related parties

- (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.

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.

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 following 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Estimated impairment of trade receivables

Trade receivables are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recorded. Objective evidence of impairment includes the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. If there is a change in the objective evidence of impairment in relation to the trade debtors, the actual impairment loss would be higher or lower than the allowance for doubtful debts recognised in the consolidated financial statements.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise. As at 31 March 2020, the carrying amount of goodwill is HK\$227,000 (2019: HK\$175,257,000).

6. REVENUE

Disaggregation of revenue from contracts with customers for the year

	2020 HK\$'000	2019 HK\$'000
Sourcing of EFT-POS terminals and peripheral devices	41,322	50,008
Provision of system support and software solution services	78,351	82,929
	119,673	132,937

	2020 HK\$'000	2019 HK\$'000
Timing of revenue recognition:		
At a point in time	41,322	50,008
Over time	78,351	82,929
	119,673	132,937

Performance obligations for contracts with customers

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

Revenue from sourcing 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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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 sourcing of EFT-POS terminal 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 sourcing of EFT-POS terminal 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 (“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:

Sale of hardware devices	–	Sourcing 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

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

Year ended 31 March 2020

	Sale of hardware devices HK\$'000	System support and software solution services HK\$'000	Consolidated HK\$'000
Segment revenue – external customers	41,322	78,351	119,673
Segment results	20,827	28,045	48,872
Other income			35
Finance costs			(7,560)
Share of results of an associate			(1,731)
Unallocated expenses			(30,976)
Profit before tax			8,640

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

7. SEGMENT INFORMATION *(continued)*

Year ended 31 March 2019

	Sale of hardware devices HK\$'000	System support and software solution services HK\$'000	Consolidated HK\$'000
Segment revenue – external customers	50,008	82,929	132,937
Segment results	22,498	34,253	56,751
Other income			1,189
Finance costs			(9,083)
Share of results of an associate			(1,104)
Unallocated expenses			(27,325)
Profit before tax			20,428

There is no inter-segment sales for both years.

Segment results represent the profit earned by each segment without allocation of certain other income, other losses, 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 2020

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:

	2020 HK\$'000	2019 HK\$'000
Segment assets		
Sale of hardware devices	22,638	26,174
System support and software solution services	25,239	43,850
Total segment assets	47,877	70,024
Unallocated assets	70,685	273,614
Consolidated assets	118,562	343,638
Segment liabilities		
Sale of hardware devices	5,299	8,561
System support and software solution services	5,272	7,359
Total segment liabilities	10,571	15,920
Unallocated liabilities	8,560	219,365
Consolidated liabilities	19,131	235,285

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, goodwill, intangible assets, investment in an associate, equity instruments at FVTOCI, certain deposits and prepayment, tax recoverable 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, bank borrowings, promissory notes, lease liabilities, tax payable and deferred tax liabilities that are not attributable to respective segment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

7. SEGMENT INFORMATION *(continued)*

Other segment information

Year ended 31 March 2020

	Sale of hardware devices HK\$'000	System support and software solution services HK\$'000	Consolidated HK\$'000
Impairment losses on trade receivables	268	1,698	1,966

Year ended 31 March 2019

	Sale of hardware devices HK\$'000	System support and software solution services HK\$'000	Consolidated HK\$'000
Impairment losses on trade receivables	8	1,334	1,342

Geographical information

Non-current assets by geographical location

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

	2020 HK\$'000	2019 HK\$'000
Hong Kong	5,857	195,730
Australia	1,709	2,309
	7,566	198,039

Note: Non-currents excluded financial instruments, prepayment and investment in an associate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

7. SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

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:

	2020 HK\$'000	2019 HK\$'000
Hong Kong	88,648	112,093
Macau	21,662	10,120
Australia	6,621	9,809
Others	2,742	915
	119,673	132,937

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:

	2020 HK\$'000	2019 HK\$'000
Customer A from sale of hardware devices and system support and software solution services segments	18,228	6,098
Customer B from sale of hardware devices and system support and software solution services segments	18,121	14,591
Customer C from system support and software solution services segment	17,747	17,503
	54,096	38,192

There is no other customers contributed 10% or more of the Group's total revenue during the years ended 31 March 2020 and 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

8. OTHER INCOME

	2020 HK\$'000	2019 HK\$'000
Bank interest income	35	13
Gain on disposal of property, plant and equipment	–	337
Income from delivery cost recharged to customers	566	497
Deregistration of the subsidiary	–	839
	601	1,686

9. OTHER LOSSES

	2020 HK\$'000	2019 HK\$'000
Net exchange losses	608	116
Impairment loss on trade receivables	1,966	1,342
Impairment loss on other receivables	1,205	–
Fair value losses on financial asset at fair value through profit or loss and derivative financial instruments	–	3,321
Loss on disposal of property, plant and equipment	282	171
Loss on disposal of subsidiaries	4,170	–
Compensation of operations loss	–	500
	8,231	5,450

10. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest on bank borrowings	200	203
Interest on promissory notes	7,318	8,880
Interest on lease liabilities	42	–
	7,560	9,083

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

11. INCOME TAX EXPENSE

	2020 HK\$'000	2019 HK\$'000
Current tax:		
Hong Kong Profits Tax	4,800	5,896
Overseas income tax	39	90
Total current income tax	4,839	5,986
Under-provision in respect of prior years:		
Hong Kong Profits tax	–	83
Deferred tax	(294)	86
Total tax charge for the year	4,545	6,155

Hong Kong Profits Tax has been provided for at the rate of 8.25% on the estimated assessable profits which is less or equivalent to HK\$2,000,000 and 16.5% on the estimated assessable profits which is more than HK\$2,000,000 (2019: 8.25% on the estimated assessable profits which is less or equivalent to HK\$2,000,000 and 16.5% on the estimated assessable profits which is more than HK\$2,000,000.).

Tax on overseas profits in Australia and Macau has been calculated at the prevailing tax rate based on existing legislation, interpretations and practices in respect thereof.

No provision for the PRC corporate income tax has been made as the Group did not generate any taxable profits in the PRC for both years. The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions 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:

	2020 HK\$'000	2019 HK\$'000
Profit before tax	8,640	20,428
Tax at the Hong Kong Profits tax rate	1,426	3,206
Tax effect of income not taxable for tax purpose	(5)	(287)
Tax effect of expenses not deductible for tax purpose	3,117	2,935
Tax effect of deductible temporary differences not recognised	–	156
Under-provision in respect of prior years	–	83
Effect of different tax rates of subsidiaries operating in other jurisdictions	7	62
Total expense for the year	4,545	6,155

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

12. PROFIT FOR THE YEAR

	2020 HK\$'000	2019 HK\$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration		
– salaries and allowances	2,591	2,868
– discretionary bonus	228	100
– retirement benefits scheme contribution	36	36
Other staff costs		
– salaries and allowances	19,452	16,746
– discretionary bonus	2,180	2,260
– retirement benefits scheme contribution	859	834
Total employee benefits expenses (including directors' emoluments)	25,346	22,844
Auditor's remuneration	620	600
Cost of inventories recognised as expense	20,640	26,942
Depreciation of property, plant and equipment	2,301	1,888
Depreciation of right-of-use assets	1,444	–
Impairment loss on trade receivables	1,966	1,342
Impairment loss on other receivables	1,205	–
Operating lease expenses	–	2,427
Operating lease rental to short-term lease and other lease with lease terms end within 12 months of the date of initial application of HKFRS 16	336	–
Amortisation of intangible assets	1,653	1,632

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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 of the Company for the years ended 31 March 2019 and 31 March 2020, calculated with reference to their employment as Directors of the Company 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 <i>(Note b)</i>	Share-based payment expenses HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
For the year ended 31 March 2020						
Executive Directors <i>(Note a)</i>						
Mr. Lo	240	960	160	-	18	1,378
Lo Chun Wa	144	480	68	-	18	710
Non-executive Directors						
Lam Ching Man	144	-	-	-	-	144
Lui Hin Weng Samuel	144	-	-	-	-	144
Chan Lung Ming <i>(Note c)</i>	38	-	-	-	-	38
Independent non-executive Directors						
Yang Eugenia <i>(Note d)</i>	72	-	-	-	-	72
Ng Ming Fai <i>(Note e)</i>	83	-	-	-	-	83
Wu Wing Kuen <i>(Note f)</i>	144	-	-	-	-	144
Tso Ping Cheong Brian <i>(Note g)</i>	80	-	-	-	-	80
Wong Ping Yiu <i>(Note h)</i>	62	-	-	-	-	62
	1,151	1,440	228	-	36	2,855

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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 b)	Share-based payment expenses HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
For the year ended						
31 March 2019						
Executive Directors (Note a)						
Mr. Lo	240	1,260	–	–	18	1,518
Lo Chun Wa	144	480	100	–	18	742
Non-executive Directors						
Lam Ching Man	144	–	–	–	–	144
Lui Hin Weng Samuel	144	–	–	–	–	144
Chan Lung Ming (Note c)	24	–	–	–	–	24
Independent non-executive Directors						
Lam Keung (Note i)	142	–	–	–	–	142
Yang Eugenia (Note d)	144	–	–	–	–	144
Ng Ming Fai (Note e)	144	–	–	–	–	144
Wu Wing Kuen (Note f)	2	–	–	–	–	2
	1,128	1,740	100	–	36	3,004

- (a) The executive Directors' emoluments shown above were for the services in connection with the management of the affairs of the Group.
- (b) The bonus is determined having regard to the Group's and the respective member's performance for each year.
- (c) Mr. Chan was re-designated from an executive Director to a non-executive Director of the Company on 1 February 2019 and resigned as a non-executive Director of the Company on 5 July 2019.
- (d) Ms. Yang resigned as an independent non-executive Director of the Company on 11 September 2019.
- (e) Mr. Ng resigned as an independent non-executive Director of the Company on 28 October 2019.
- (f) Dr. Wu was appointed as an independent non-executive Director of the Company on 26 March 2019.
- (g) Mr. Tso was appointed as an independent non-executive Director of the Company on 11 September 2019.
- (h) Mr. Wong was appointed as an independent non-executive Director of the Company on 28 October 2019.
- (i) Mr. Lam Keung resigned as an independent non-executive Director on 26 March 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

Directors' and chief executive's emoluments *(continued)*

Mr. Lo acts as the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the 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 independent non-executive directors' emoluments shown above were for their services as director of the Company.

No emolument were paid by the Group to the 5 highest paid individuals of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

None of the 5 highest paid individuals of the Company has waived or agreed to waive any emoluments during both years.

Except for those disclosed in material related party transactions in note 36 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.

Employees' remuneration

The five highest paid individuals with the highest emoluments in the Group include 1 (2019: 2) director, details of their emoluments are set out in the disclosure above. The remuneration for the remaining 4 (2019: 3) individual is as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries and allowances	2,748	1,797
Discretionary bonus	453	635
Retirement benefits scheme contribution	72	108
	3,273	2,540

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

	Year ended 31 March	
	2020 No. of employees	2019 No. of employees
Nil to HK\$1,000,000	4	3

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year (2019: Nil).

Subsequent to the end of the reporting period, a final dividend HK0.625 cents per share, amounting to HK\$3,000,000 in respect of the year ended 31 March 2020 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming 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:

	2020 HK\$'000	2019 HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	4,245	9,746
	'000	'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 2020 and 2019 were the same as basic earnings per share as there were no potential outstanding shares for both years.

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For the year ended 31 March 2020

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furnitures and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
COST					
As at 1 April 2018	1,600	288	1,974	684	4,546
Additions	3,274	154	1,804	651	5,883
Acquisitions of subsidiaries (Note 37)	–	–	–	245	245
Disposal	(1,599)	(197)	(457)	(245)	(2,498)
As at 31 March 2019	3,275	245	3,321	1,335	8,176
Additions	59	816	1,135	–	2,010
Disposal of subsidiaries (Note 38)	–	–	–	(651)	(651)
Disposal	–	–	(95)	(684)	(779)
As at 31 March 2020	3,334	1,061	4,361	–	8,756
ACCUMULATED DEPRECIATION					
As at 1 April 2018	1,525	133	932	171	2,761
Provided for the year	702	40	830	316	1,888
Eliminated on disposal	(1,538)	(114)	(396)	(89)	(2,137)
As at 31 March 2019	689	59	1,366	398	2,512
Provided for the year	1,100	121	1,043	37	2,301
Disposal of subsidiaries (Note 38)	–	–	–	(25)	(25)
Eliminated on disposal	–	–	(59)	(410)	(469)
As at 31 March 2020	1,789	180	2,350	–	4,319
CARRYING VALUES					
As at 31 March 2020	1,545	881	2,011	–	4,437
As at 31 March 2019	2,586	186	1,955	937	5,664

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

Leasehold improvements	33%, or over the lease terms, whichever is shorter
Furnitures and fixtures	20%
Office equipment	30%
Motor vehicle	30%

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

17. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000
As at 1 April 2019	
Carrying amount	2,888
As at 31 March 2020	
Carrying amount	1,444
For the year ended 31 March 2020	
Depreciation charge	1,444
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	336
Total cash outflow for leases	1,764

For both years, the Group leases various offices and warehouses for its operations. Lease contracts are entered into for fixed term of 2 years.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

18. INTANGIBLE ASSETS

	ERP retail software HK\$'000 <i>(Note a)</i>	Terminal management system HK\$'000 <i>(Note b)</i>	Total HK\$'000
COST			
As at 1 April 2018	–	–	–
Addition	–	2,298	2,298
Acquisition of subsidiaries <i>(Note 37)</i>	16,452	–	16,452
As at 31 March 2019	16,452	2,298	18,750
Addition	–	137	137
Disposal of subsidiaries <i>(Note 38)</i>	(16,452)	–	(16,452)
Exchange realignment	–	(335)	(335)
As at 31 March 2020	–	2,100	2,100
ACCUMULATED AMORTISATION AND IMPAIRMENT			
As at 1 April 2018	–	–	–
Charge for the year	1,371	261	1,632
As at 31 March 2019	1,371	261	1,632
Charge for the year	1,234	419	1,653
Disposal of subsidiaries <i>(Note 38)</i>	(2,605)	–	(2,605)
Exchange realignment	–	(38)	(38)
As at 31 March 2020	–	642	642
CARRYING VALUES			
As at 31 March 2020	–	1,458	1,458
As at 31 March 2019	15,081	2,037	17,118

Notes:

- (a) It represented the technologies in relation to the provision of POS software for end user acquired by the Group through the acquisition of Earn World Group during the year ended 31 March 2019.
- (b) It represented the technologies in relation to the management of EFT-POS terminals through cloud computing acquired by the Group through the acquisition of Newport during the year ended 31 March 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

19. GOODWILL

	2020 HK\$'000	2019 HK\$'000
At 1 April	175,257	–
Acquisition of subsidiaries (Note 37)	–	175,257
Disposal of subsidiaries (Note 38)	(175,030)	–
At 31 March	227	175,257

Notes:

- (a) During the year ended 31 March 2019, the Group acquired 70% issued share capital of Earn World Development Limited and its subsidiaries (the "Earn World Group") and therefore goodwill of approximately HK\$175,030,000 was recognised upon completion of the acquisition.

As at 31 March 2019, the recoverable amount of the CGU estimated by management is determined based on value-in-use calculation. The cash flow projections prepared by management of the Group are based on financial budgets covering a five-year period. Key assumptions used in the preparation of the cash flow projections are as follow:

- the cash flows beyond the 5-year period have been extrapolated using a steady 3% per annum growth rate.
- Discount rate: 20% per annum.

During the year ended 31 March 2020, the Group disposed 70% issued share capital of Earn World Group.

During the year ended 31 March 2019, management of the Group determines that there is no impairment on Earn World Group. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of Earn World Group to exceed the recoverable amount of Earn World Group.

- (b) 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.

As at 31 March 2020, the recoverable amount of the CGU estimated by management is determined based on value-in-use calculation. The cash flow projections prepared by management of the Group are based on financial budgets covering a five-year period. Key assumptions used in the preparation of the cash flow projections are as follow:

- the cash flows beyond the 5-year period have been extrapolated using a steady 3% (2019: 3%) per annum growth rate.
- Discount rate: 20% per annum (2019: 20%).

During the year ended 31 March 2020 and 2019, management of the Group determines that there is no impairment on Newport. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of Newport to exceed the recoverable amount of Newport.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

20. INVESTMENT IN AN ASSOCIATE

	2020 HK\$'000	2019 HK\$'000
Unlisted shares, at cost	6,020	6,020
Share of results of an associate	(3,049)	(1,318)
	2,971	4,702

As at 31 March 2020, the Group had interest in the following associate:

Name of entity	Country of incorporation and operation	Percentage of interest in ownership held by the Group		Principle activities
		2020	2019	
Open Sparkz Pty Ltd ("Open Sparkz")	Australia	18.30%	20.02%	Specialising in highly automated offers and rewards solutions using front of wallet credit, debit and prepaid cards

Notes:

- (a) The Group is able to exercise significant influence over Open Sparkz because the Group appointed a director of that company.
- (b) During the year ended 31 March 2020, Open Sparkz allotted and issued shares to a new investor, the Group's interests in Open Sparkz was diluted from 20.02% to 18.3%.

Aggregate information of associate that is not individually material

	2020 HK\$'000	2019 HK\$'000
The Group's share of loss and total comprehensive expense	1,731	1,104
Aggregate carrying amount of the Group's interest in an associate	2,971	4,702

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For the year ended 31 March 2020

21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 HK\$'000	2019 HK\$'000
Unlisted equity securities, at fair value	–	19,300

The above unlisted equity instruments represent the Group's equity interest in 4 private entitled incorporate in Hong Kong. These investments were designated by management as at FVTOCI on initial recognition. These investments are not held-for-trading and are held for long-term strategic purpose. Accordingly, management believes that the FVTOCI classification is appropriate for these investments.

FVTOCI	Fair value hierarchy	Valuation methodology and inputs	Significant on unobservable inputs	Fair value as at 31 March 2019 HK\$'000
Company A	Level 3	Income approach	Discount rate: 24%	7,200
Company B	Level 3	Income approach	Discount rate: 22%	4,100
Company C	Level 3	Income approach	Discount rate: 22%	4,300
Company D	Level 3	Income approach	Discount rate: 22%	3,700

There are no transfer between level 1 and level 2 for the year.

In the current year, the Group disposed of the investment in Company A, B, C and D through disposal of subsidiaries, at a total consideration of HK\$19,900,000, which was also the fair value as at the date of disposal as the investment no longer meets the investment objective of the Group. A cumulative loss on disposal of HK\$100,000 has been transferred to retained earnings.

22. INVENTORIES

	2020 HK\$'000	2019 HK\$'000
Finished goods	10,428	5,211

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For the year ended 31 March 2020

23. TRADE AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Current assets		
Trade receivables from contract with customers	38,435	55,565
Less: allowance for credit losses	(2,101)	(1,543)
	36,334	54,022
Prepayment, other deposits and other receivables (Note a)	22,117	22,716
Total	58,451	76,738
Non-current asset		
Rental deposits paid to the Lo's Family and Mr. Lo Chun Wa (Note b)	302	302
Prepayment of acquisition of property, plant and equipment	4,000	–
Total	4,302	302

As at 1 April 2018, trade receivables from contracts with customers amounting to HK\$42,683,000.

As at 31 March 2020, included in trade and other receivables are HK\$6,164,000 and HK\$241,000 denominated in United States dollar (“**US\$**”) and Chinese Yuan Renminbi (“**RMB**”) respectively (2019: HK\$7,230,000, HK\$41,000 and HK\$1,565,000 denominated in US\$, RMB and Australian dollar (“**AUD**”), respectively).

Notes:

(a) As at 31 March 2020, included in prepayment, other deposit and other receivables is an unpaid cash consideration for the disposal of equity instrument at FVTOCI and unpaid cash consideration for the disposal of subsidiaries amounting to HK\$17,900,000 and HK\$3,200,000, respectively.

As at 31 March 2019, included in prepayment, other deposit and other receivables is a prepayment of expenses and amount due from an employee of a subsidiary amounting to HK\$10,187,000 and HK\$9,412,000, respectively.

(b) 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.

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23. TRADE AND OTHER RECEIVABLES (continued)

The Group allows credit periods of 30 days to its trade customers from sourcing 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:

	2020 HK\$'000	2019 HK\$'000
Within 30 days	16,439	23,056
31 – 60 days	8,405	10,209
61 – 90 days	1,179	4,307
91 – 180 days	4,755	6,542
181 – 365 days	1,431	5,041
Over 365 days	4,125	4,867
	36,334	54,022

As at 31 March 2020 and 2019, the Group has performed a review of trade and other receivables for evidence of impairment on the provision matrix to measure the lifetime expected credit loss allowance 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 and other receivables was made an allowance of approximately HK\$1,966,000 (2019: HK\$1,342,000) 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.

Movement in the allowance for trade receivables

	2020 HK\$'000	2019 HK\$'000
Balance at beginning of the year	1,543	168
Adjustment on initial application of HKFRS 9	–	33
Adjusted balance as at 1 April	1,543	201
Impairment losses recognised on trade receivables	1,966	1,342
Reversal of impairment losses from disposal of subsidiaries	(1,408)	–
Balance at end of the year	2,101	1,543

As at 31 March 2020, included in the Group's trade receivables balances are debtors with aggregate carrying amounts (net of allowance for credit losses) of approximately HK\$19,895,000 (2019: HK\$30,966,000) was past due as at the reporting date and the Group provided for impairment loss of approximately HK\$1,966,000 (2019: HK\$1,342,000), given there is no history of significant defaults from customer and insignificant impact from forward-looking estimates. The trade receivables are regularly reviewed by management to ensure relevant information about specific debtors is updated.

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23. 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:

	Current	Less than 1 month	1 to 2 months	2 to 6 months	More than 6 months but less than 12 months	Over 1 year	Total
2020							
Expected credit loss rate (%)	1.7	5.4	5.9	10.7	15.8	9.3	5.5
Gross carrying amount (HK\$'000)	16,727	8,886	1,253	5,323	1,700	4,546	38,435
Expected credit losses (HK\$'000)	(288)	(481)	(74)	(568)	(269)	(421)	(2,101)
Net carrying amount (HK\$'000)	16,439	8,405	1,179	4,755	1,431	4,125	36,334
2019							
Expected credit loss rate (%)	2.6	1.6	3.9	3.2	2.9	4.5	2.8
Gross carrying amount (HK\$'000)	23,663	10,374	4,482	6,756	5,193	5,097	55,565
Expected credit losses (HK\$'000)	(607)	(165)	(175)	(214)	(152)	(230)	(1,543)
Net carrying amount (HK\$'000)	23,056	10,209	4,307	6,542	5,041	4,867	54,022

24. BANK BALANCES AND CASH

Bank balances carry interests at prevailing market rates at 0.01% (2019: 0.01%) per annum.

As at 31 March 2020, included in bank balances and cash are HK\$399,000 and HK\$3,242,000 (2019: HK\$11,000 and HK\$3,023,000) denominated in US\$ and AUD respectively.

25. TRADE AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Trade payables	1,322	3,890
Contract liabilities <i>(Note)</i>	8,365	6,054
Other payables and accrued expenses	5,207	9,977
	14,894	19,921
Less: Non-current portion of other payables	–	(3,200)
Current portion	14,894	16,721

As at 31 March 2020, included in trade and other payable are HK\$102,000 and HK\$203,000 denominated in US\$ and RMB, respectively (2019: HK\$1,130,000, HK\$989,000 and HK\$62,000 denominated in US\$, AUD and RMB, respectively).

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25. TRADE AND OTHER PAYABLES (continued)

Note:

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	2020 HK\$'000	2019 HK\$'000
As at 1 April	6,054	1,983
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 year	(6,054)	(1,983)
Increase in contract liabilities as a result of receiving sales deposits and instalments during the year	8,365	6,054
As at 31 March	8,365	6,054

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.

	2020 HK\$'000	2019 HK\$'000
Within 30 days	1,079	2,528
31 – 60 days	42	773
61 – 90 days	98	343
Over 90 days	103	246
	1,322	3,890

26. BANK BORROWINGS

	2020			2019		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current		Within 1 year or on demand			Within 1 year or on demand	
Bank loans – unsecured	3.76%	or on demand	116	3.76%	or on demand	13,343
			2020 HK\$'000			2019 HK\$'000
Analysed into:						
Bank loans repayable:						
Within 1 year or on demand			116			13,343

As at 31 March 2019, the Group's bank borrowing of HK\$5,963,000 carrying fixed interest rate at 3.32% to 3.38% per annum and repayable within 90 days. The amount was repaid in full during the year ended 31 March 2020.

As at 31 March 2019 and 2020, the Group's bank borrowing of HK\$7,380,000 and HK\$116,000, respectively, carrying floating interest rate at HIBOR plus 2% per annum and repayable within one year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

27. PROMISSORY NOTES

	2020 HK\$'000	2019 HK\$'000
At 1 April	193,819	–
Issue of promissory note upon acquisition of Earn World Group (<i>note</i>)	–	184,939
Accrued interest charged (<i>Note 10</i>)	7,318	8,880
Derecognised upon disposal of subsidiaries (<i>Note 38</i>)	(201,137)	–
At 31 March	–	193,819

Note: On 1 June 2018, the Company issued promissory notes for an aggregate principal amount of HK\$194,000,000 at 4% interest per annum (the “PNs”) upon completion of the acquisition of Earn World Group to Earn World Enterprises Limited (the “Vendor”), independent third parties not connected to the Group. The PNs are carried at amortised cost.

The maturity date of the PNs as at 31 March 2019 are as follows:

Principal amount	Maturity date
HK\$60,000,000 (the “1st Promissory Note”)	30 June 2019*
HK\$32,000,000 (the “2nd Promissory Note”)	30 June 2020
HK\$32,000,000 (the “3rd Promissory Note”)	30 June 2021
HK\$70,000,000 (the “4th Promissory Note”)	30 June 2022

* On 27 May 2019, the Vendor and the Company have agreed to extend the maturity of the 1st Promissory Note to 30 June 2020.

During the year ended 31 March 2020, the promissory notes for an aggregate principal amount of HK\$194,000,000 and the accrued interest therein were waived by Earn World Enterprises Limited (the “Purchaser”) as part of the consideration for the disposal of Earn World Group.

28. LEASE LIABILITIES

	2020 HK\$'000
Lease liabilities payable: Within one year	1,502

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29. DEFERRED TAX LIABILITIES

	Revaluation of assets HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
As at 1 April 2018	–	–	–
(Credit)/charge to profit or loss	(226)	312	86
Acquisition of subsidiaries (Note 37)	2,715	–	2,715
As at 31 March 2019	2,489	312	2,801
Credit to profit or loss	(204)	(90)	(294)
Disposal of subsidiaries (Note 38)	(2,285)	–	(2,285)
As at 31 March 2020	–	222	222

30. SHARE CAPITAL

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2018, 31 March 2019 and 31 March 2020	780,000,000	7,800,000
Issued and fully paid:		
As at 1 April 2018, 31 March 2019 and 31 March 2020	480,000,000	4,800,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

31. SHARE-BASED PAYMENT TRANSACTION

a. Equity-settled share option scheme

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.

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 2020, there were no outstanding number of share options available, for granting under the Share Option Scheme to subscribe for shares. During the year ended 31 March 2019, a total number of 38,400,000 share options were lapsed in accordance with the terms of the Share Option Scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

b. Movement of share options

There were no outstanding in Options under the Share Option Scheme during the year ended 31 March 2020.

Details of the Options granted and outstanding under the Share Option Scheme during the year ended 31 March 2019 were as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price	Balance as at 1 April 2018	Changes during the year			Balance as at 31 March 2019
					Granted	Exercised	Cancelled/lapsed	
Executive Directors								
Lo Chun Kit Andrew	9 January 2018	9 April 2018 – 8 January 2028	0.530	2,400,000	-	-	(2,400,000)	-
	9 January 2018	9 April 2018 – 8 January 2028	0.530	2,400,000	-	-	(2,400,000)	-
Lo Chun Wa	9 January 2018	9 April 2018 – 8 January 2028	0.530	2,400,000	-	-	(2,400,000)	-
	9 January 2018	9 April 2018 – 8 January 2028	0.530	2,400,000	-	-	(2,400,000)	-
Non-executive Directors								
Chan Lung Ming <i>(Note)</i>	18 September 2017	10 November 2017 – 17 September 2027	0.320	9,600,000	-	-	(9,600,000)	-
	18 September 2017	1 September 2018 – 17 September 2027	0.320	7,200,000	-	-	(7,200,000)	-
	18 September 2017	1 September 2018 – 17 September 2027	0.320	7,200,000	-	-	(7,200,000)	-
Lam Ching Man	9 January 2018	9 April 2018 – 8 January 2028	0.530	2,400,000	-	-	(2,400,000)	-
	9 January 2018	9 April 2018 – 8 January 2028	0.530	2,400,000	-	-	(2,400,000)	-
				38,400,000	-	-	(38,400,000)	-

Note: Mr. Chan was re-designated from an executive Director to a non-executive Director of the Company in February 2019.

32. 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.

The capital structure of the Group of net debt, which includes bank borrowings and promissory note as disclosed in Notes 26 and note 27, net of cash and cash equivalents and equity.

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 the issue of new shares, new debts or the redemption of existing debts.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

33. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2020 HK\$'000	2019 HK\$'000
Financial assets		
Equity instruments at FVTOCI	–	19,300
Financial asset at amortised cost	91,584	103,130
Financial liabilities		
At amortised cost	6,645	224,229

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables (excluded prepayments), bank balances and cash, trade and other payables, accrued expenses, bank borrowings and promissory note. 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 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 management*

The Group is exposed to cash flow interest rate risk in relation to lease liabilities, bank borrowings and 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 lease liabilities, bank borrowings and 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 2020

33. 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:

	2020		2019	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
US\$	6,563	102	7,241	1,130
AUD	3,242	–	4,588	989
CNY	241	203	41	62

Sensitivity analysis

As HK\$ is pegged with US\$ under Linked Exchange Rate System, the Group's exposure to US\$ exchange risk is minimal and no sensitivity analysis is presented accordingly.

The following table indicates the instantaneous change in the Group's profit after tax that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2020		2019	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000
AUD	5%	135	5%	150
CNY	5%	2	5%	(1)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effect on each of the Group entities' loss after tax and equity measure in the respective functional currencies, translated into HK\$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period, including intercompany payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

33. 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 management monitors the utilisation of bank borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	Repayable more than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2020					
Non-derivative financial liabilities					
Trade and other payables	–	6,529	–	6,529	6,529
Bank borrowings	3.76	116	–	116	116
Lease liabilities	2.4	1,538	–	1,538	1,502
		8,183	–	8,183	8,147
	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	Repayable more than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2019					
Non-derivative financial liabilities					
Trade and other payables	–	13,867	3,200	17,067	17,067
Bank borrowings	3.76	13,343	–	13,343	13,343
Promissory note	5.64	64,962	152,810	217,772	193,819
		92,172	156,010	248,182	224,229

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2020, the aggregate carrying amounts of these bank borrowings amounted to approximately HK\$116,000 (2019: HK\$13,343,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Notes to the Consolidated Financial Statements

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33. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

For the purpose of managing liquidity risk, management of the Group reviews the expected cash flow information of the Group's bank borrowings based on the scheduled repayment dates set out in the bank borrowings agreements as set out in the table below:

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	Repayable more than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Bank borrowings with a repayment on demand clause					
As at 31 March 2020	3.76	117	–	117	116
As at 31 March 2019	3.76	13,844	–	13,844	13,343

Credit risk and impairment assessment

The carrying amounts of 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 2020 and 2019, 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 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.

Other receivables

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. Based on the historical default rate, repayment history and forecast of future condition on economy and debtors, the directors of the Company considered the expected credit loss for other receivables is HK\$1,205,000 (2019: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

33. FINANCIAL INSTRUMENTS *(continued)*

c. Fair value measurements of financial instruments

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

As at 31 March 2019, the financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 March 2019				
Equity instruments at FVTOCI	–	–	19,300	19,300

There have been no significant transfers between the levels in the reporting period.

Financial assets	Fair value as at 31 March 2019	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Private equity investment at FVTOCI	Equity investments in private companies incorporated in Hong Kong HK\$19,300,000	Level 3	Income approach, in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate	Discount rate ranging from 22% to 24%

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

33. FINANCIAL INSTRUMENTS *(continued)*

c. Fair value measurements of financial instruments *(continued)*

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTOCI HK\$'000
As at 1 April 2018	–
Investments in equity instruments at FVTOCI	20,000
Fair value loss in other comprehensive income	(700)
As at 31 March 2019 and 1 April 2019	19,300
Fair value gain in other comprehensive income	600
Disposal of subsidiaries	(19,900)
As at 31 March 2020	–

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 were approximate to their carrying values.

34. 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.

	Bank borrowings HK\$'000	Promissory notes HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 April 2018	5,000	–	–	5,000
Interest paid	(203)	–	–	(203)
Drawdown of bank borrowings	13,343	–	–	13,343
Repayment of bank borrowings	(5,000)	–	–	(5,000)
Interest expenses	203	8,880	–	9,083
Issue of promissory notes upon acquisition of subsidiaries	–	184,939	–	184,939
As at 31 March 2019	13,343	193,819	–	207,162
Interest paid	(200)	–	–	(200)
Drawdown of bank borrowings	1,540	–	–	1,540
Repayment of bank borrowings	(14,767)	–	–	(14,767)
Repayment of lease liabilities	–	–	(1,428)	(1,428)
Interest expenses	200	7,318	42	7,560
Recognise of lease liabilities	–	–	2,888	2,888
Waiver of promissory notes through disposal of subsidiaries	–	(201,137)	–	(201,137)
As at 31 March 2020	116	–	1,502	1,618

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35. COMMITMENTS

Operating lease commitment

The Group as lessee

As at 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases with the Lo's Family, Mr. Lo Chun Wa and an independent landlord in respect of premises which fall due as follows:

	2019 HK\$'000
Within one year	1,823
In the second year inclusive	1,476
	3,299

Operating lease payments represent rentals payable by the Group for certain of its premises owned by the Lo's Family, Mr. Lo Chun Wa and an independent landlord. Leases are negotiated and rentals are ranging from one to three years.

Capital commitment

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

	2020 HK\$'000	2019 HK\$'000
Contracted, but not provided for: – acquisition of property, plant and equipment	2,000	–

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36. 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	2020 HK\$'000	2019 HK\$'000
Affinity Corporation Limited (Note 1)	Repayment of lease liabilities/ Rental expense paid	336	175
EFT Payments (Asia) Limited (Note 1)	Sourcing of EFT-POS terminals and peripheral devices (Note 2)	8,653	8,937
	Provision of EFT-POS system support services	9,268	5,547
	Disposal of fixed asset	48	81
	Acquisition of fixed assets	75	–
	Installation fee of INAC	–	47
Guangzhou EFTPay Limited (Note 1)	Sourcing of peripheral devices	–	78
Hung Wai Innovation Limited (Note 3)	Purchasing cost of peripheral devices	–	2,319
Mr. Lo	Repayment of lease liabilities/ rental expenses paid	972	972
Ms. Lam Ching Man (Note 4)	Repayment of lease liabilities/ rental expenses paid	324	324
Mr. Lo Chun Wa (Note 5)	Repayment of lease liabilities/ rental expenses paid	180	180
LV Capital Limited (Note 6)	Consultancy expense paid	399	–
Affinity Corporation Limited	Rental deposit	56	56
Mr. Lo	Rental deposit	162	162
Ms. Lam Ching Man	Rental deposit	54	54
Mr. Lo Chun Wa	Rental deposit	30	30

Notes:

Note 1: Mr. Lo is the ultimate shareholder of Affinity Corporation Limited, EFT Payments (Asia) Limited and Guangzhou EFTPay Limited.

Note 2: 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.

Note 3: Hung Wai, of which Mr. Lo holds 25%, became related company of the Group since April 2017. Hung Wai Innovation Limited is the wholly-owned subsidiary of Hung Wai Electronics (Huizhou) Limited, which is owned by Hung Wai as to 92.12% of its shareholdings. Accordingly, it is also a related company of the Group.

Note 4: Ms. Lam is a non-executive Director and the spouse of Mr. Lo.

Note 5: Mr. Lo Chun Was is an executive Director and the brother of Mr. Lo.

Note 6: Mr. Lui Hin Weng, Samuel, the non-executive director of the Company, is the director of LV Capital Limited.

Compensation of key management of personnel

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

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For the year ended 31 March 2020

37. ACQUISITION OF SUBSIDIARIES

Earn World Group

On 31 May 2018, the Group acquired 70% interest in Earn World Group. Earn World Group is engaged in the provision of POS software solutions services in Hong Kong and the PRC. The purchase consideration for the acquisition was HK\$210,000,000, with HK\$16,000,000 by cash and HK\$194,000,000 by issuance of promissory notes.

The fair values of the identifiable assets and liabilities of the acquisitions as at the date of acquisition were as follows:

	Earn World Group HK\$'000
Property, plant and equipment	245
Intangible assets	16,452
Trade and other receivables	19,776
Bank balances and cash	3,335
Trade and other payables	(5,740)
Deferred liabilities	(2,715)
Fair value of net assets acquired	31,353
Non-controlling interests	(8,765)
Financial asset at fair value through profit or loss	3,321
Goodwill	175,030
Total consideration	200,939
Consideration satisfied by:	
Cash	16,000
Promissory notes	184,939
Analysis of the net outflow of cash and cash equivalent:	
Total cash consideration paid	(9,600)
Cash and cash equivalents acquired	3,335
Net cash outflow	(6,265)

During the year ended 31 March 2019, Earn World Group contributed approximately HK\$25,438,000 to the Group's revenue and approximately HK\$14,948,000 to the Group's result in aggregate for the period from the date of acquisition to 31 March 2019. The Earn World Group has met the profit guarantee for the year ended 31 March 2018 and 2019.

Goodwill arose in the acquisition of Earn World Group because the consideration for the acquisition reflects the future economic benefits expected to be generated from combining the acquiree's operation with the Group's operations.

If the acquisition of Earn World Group had been completed on 1 April 2018, the Group's revenue for the year ended 31 March 2019 would have been approximately HK\$134,341,000 and profit for the year ended 31 March 2019 would have been HK\$14,695,000. 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 2018, nor is it intended to be a projection of future results.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

37. ACQUISITION OF SUBSIDIARIES (continued)

Newport

On 5 April 2018, the Group completed the acquisition of 75% equity interest in Newport, which is engaged in the provision of embedded system solution services in Australia, at a consideration of approximately AUD360.

The fair values of the identifiable assets and liabilities of the acquisitions as at the respective dates of acquisitions were as follows:

	Newport HK\$'000
Trade and other receivables	281
Bank balances and cash	20
Trade and other payables	(601)
Fair value of net assets acquired	(300)
Non-controlling interests	75
Goodwill	227
Total consideration	2
Consideration satisfied by:	
Cash	2
Analysis of the net cash inflow of cash and cash equivalent:	
Total cash consideration paid	(2)
Cash and cash equivalent acquired	20
Net cash inflow	18

During the year ended 31 March 2019, Newport contributed approximately HK\$4,275,000 to the Group's revenue and approximately HK\$141,000 to the Group's result in aggregate for the period from the date of acquisition to 31 March 2019.

Goodwill arose in the acquisition of Newport because the consideration for the acquisition reflects the future economic benefits expected to be generated from combining the acquiree's operation with the Group's operations.

If the acquisition of Newport had been completed on 1 April 2018, the Group's revenue for the year ended 31 March 2019 would have been approximately HK\$4,275,000 and profit for the year ended 31 March 2019 would have been HK\$141,000. 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 2018, nor is it intended to be a projection of future results.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

38. DISPOSAL OF SUBSIDIARIES

- (a) On 11 October 2019, the Company entered into an agreement with the Purchaser to disposal of 70% equity interest in a subsidiary, namely Earn World Development Limited (the “**Disposal Company**”) and its subsidiaries (“**Earn World Group**”) at total consideration of HK\$210,000,000, which shall be satisfied by cash of HK\$12,800,000, waiver of promissory notes of principal amount of HK\$194,000,000 and the accrued interest therein arising from acquisition of Earn World Group (see Note 37), waiver of unpaid cash consideration of HK\$3,200,000 arising from acquisition of Earn World Group (see Note 37)

The Purchaser currently holds 30% of the issued share capital of the Disposal Company and was the former shareholder of the 70% equity interest in the Disposal Company.

The disposal of Earn World Group was completed on 17 December 2019. Furthermore, upon completion of the disposal, Earn World Group ceased to be a subsidiaries of the Group. The net assets disposed are as follows:

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Property, plant and equipment	626
Goodwill	175,030
Intangible assets	13,847
Trade receivables	27,519
Other receivables, deposits and prepayments	22,557
Bank balances and cash	10,439
Trade payables	(5,354)
Other payables and accruals	(2,918)
Tax liabilities	(5,013)
Deferred tax liabilities	(2,285)
Net assets disposed of	234,448

Loss on disposal of Earn World Group:

	HK\$'000
Cash consideration	12,800
Waiver of cash consideration	3,200
Waiver of promissory notes	201,137
Net assets disposed of	(234,448)
Non-controlling interests	13,113
Release of exchange reserve	77
Loss on disposal	(4,121)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

38. DISPOSAL OF SUBSIDIARIES (continued)

(a) (continued)

Net cash inflow arising from disposal of Earn World Group:

	HK\$'000
Cash consideration received	9,600
Less: bank balances and cash disposed of	(10,439)
Net cash outflow	(839)

(b) During the year ended 31 March 2020, the Company entered into five agreements with independent third parties to disposal the entire equity interest in four subsidiaries, namely Active Prospect Limited, Huge Wonder Limited, Power Respect Limited and Quality Victory Limited (collectively the “**Disposal Companies**”) at total cash consideration of HK\$19,900,000.

Upon completion of the disposals, the Disposal Companies ceased to be a subsidiaries of the Group. The net assets disposed are as follows:

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Equity instruments at FVTOCI	19,900
Other receivables	50
Net assets disposed of	19,950

Loss on disposal of the Disposal Companies:

	HK\$'000
Cash consideration	19,900
Net assets disposed of	(19,950)
Loss on disposal	(50)

Net cash inflow arising from disposal of the Disposal Companies:

	HK\$'000
Cash consideration received	2,000
Less: Bank balance disposed of	–
Net cash inflow	2,000

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For the year ended 31 March 2020

39. EVENT AFTER THE REPORTING PERIOD

Since January 2020, the outbreak of Novel Coronavirus (“COVID-19”) has impact on the global business environment. Pending the development and spread of COVID-19 subsequent to the date of this report, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this report. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

40. MAJOR NON CASH TRANSACTION

During the year ended 31 March 2020, promissory notes for an aggregate principal amount of HK\$194,000,000 and accrued interest therein and other payable of HK\$3,200,000 were waived by the Purchaser, as part of the consideration for the disposal of Earn World Group. In addition, there was unpaid consideration of HK\$21,100,000 related to the disposal of subsidiaries.

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company’s subsidiaries as at 31 March 2020 and 2019 are as follows:

Name of subsidiaries	Place of incorporation	Place of operations	Particulars of issued share capital/ registered capital		Proportion of ownership/interest and voting power held by the Company				Principal activities
			2020	2019	Directly		Indirectly		
					2020	2019	2020	2019	
Active Prospect Limited	BVI	Hong Kong	100 ordinary shares of US\$100	100 ordinary shares of US\$100	-	100%	-	-	Investment holding
Direct Assistance Limited	BVI	Hong Kong	100 ordinary shares of US\$100	100 ordinary shares of US\$100	100%	100%	-	-	Investment holding
Earn World Development Limited	BVI	Hong Kong	10,000 ordinary shares of US\$10,000	10,000 ordinary shares of US\$10,000	-	-	-	70%	Investment holding
Effective Enrich Limited	BVI	Hong Kong	100 ordinary shares of US\$100	100 ordinary shares of US\$100	100%	100%	-	-	Investment holding
EFT Solutions International Limited	BVI	Hong Kong	1 ordinary share of US\$1	1 ordinary share of US\$1	100%	100%	-	-	Investment holding
Huge Wonder Limited	BVI	Hong Kong	50,000 ordinary shares of US\$50,000	50,000 ordinary shares of US\$50,000	-	100%	-	-	Investment holding
Mass Zone Limited	BVI	Hong Kong	50,000 ordinary shares of US\$50,000	50,000 ordinary shares of US\$50,000	100%	100%	-	-	Investment holding
Power Respect Limited	BVI	Hong Kong	100 ordinary shares of US\$100	100 ordinary shares of US\$100	-	100%	-	-	Investment holding
Quality Victory Limited	BVI	Hong Kong	100 ordinary shares of US\$100	100 ordinary shares of US\$100	-	100%	-	-	Investment holding
Rich Giant Group Limited	BVI	Hong Kong	50,000 ordinary shares of US\$50,000	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 ordinary shares of US\$100	100%	100%	-	-	Investment holding

Notes to the Consolidated Financial Statements

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41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiaries	Place of incorporation	Place of operations	Particulars of issued share capital/ registered capital		Proportion of ownership/interest and voting power held by the Company				Principal activities
					Directly		Indirectly		
					2020	2019	2020	2019	
Business Operating Software Solution Limited	Hong Kong	Hong Kong	10 ordinary shares of HK\$10	10 ordinary shares of HK\$10	-	-	-	70%	Provision of POS software solution services
EFT Solutions Limited	Hong Kong	Hong Kong	100 ordinary shares of HK\$100	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
Newport Tek Pty Ltd	Australia	Australia	480 ordinary shares of AUD480	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	The People's Republic of China	The People's Republic of China	HK\$500,000 registered capital	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
廣州寶仕軟件有限公司	The People's Republic of China	The People's Republic of China	HK\$1,200,000 registered capital	HK\$1,200,000 registered capital	-	-	-	69%	Provision of POS software solution services

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.

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For the year ended 31 March 2020

42. 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:

	2020 HK\$'000	2019 HK\$'000
Non-current assets		
Investment in subsidiaries	15,332	15,725
	15,332	15,725
Current assets		
Other receivables	18,158	258
Amount due from a subsidiary	17,862	36,520
Bank balances and cash	82	83
	36,102	36,861
Current liabilities		
Accruals	689	72
Amount due to subsidiaries	785	1,177
	1,474	1,249
Net current assets	34,628	35,612
Net assets	49,960	51,337
Capital and reserves		
Share capital	4,800	4,800
Reserves (Note)	45,160	46,537
Total equity	49,960	51,337

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 2020

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

Note: **Movement in reserves**

	Share premium HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 31 March 2018	53,545	5,851	(10,290)	49,106
Loss and total comprehensive expense for the year	–	–	(2,569)	(2,569)
Forfeiture of share options	–	(5,851)	5,851	–
As at 31 March 2019	53,545	–	(7,008)	46,537
Loss and total comprehensive expense for the year	–	–	(1,377)	(1,377)
As at 31 March 2020	53,545	–	(8,385)	45,160

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of Directors on 17 June 2020.

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

	2020 HK\$'000	Year ended 31 March			
		2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	119,673	132,937	94,148	53,282	45,986
Profit before tax	8,640	20,428	27,391	1,134	16,126
Income tax expense	(4,545)	(6,155)	(5,693)	(2,429)	(2,828)
Profit (loss) for the year attributable to the Shareholders	4,095	14,273	21,698	(1,295)	13,298

ASSETS AND LIABILITIES

	2020 HK\$'000	As at 31 March			
		2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Total assets	118,562	343,638	110,835	63,818	25,905
Total liabilities	(19,131)	(235,285)	(24,771)	(5,711)	(14,620)
Net assets	99,431	108,353	86,064	58,107	11,285