The following is the text of a report, set out on pages I-1 to I-73, received from the Company's reporting accountants, [REDACTED], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MTT GROUP HOLDINGS LIMITED AND INNOVAX CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of MTT Group Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-73, which comprises the consolidated statements of financial position of the Group as at 31 March 2020, 2021 and 2022, the statements of financial position of the Company as at 31 March 2021 and 2022 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 March 2022 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-73 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 13 September 2022 (the "**Document**") in connection with the [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2020, 2021 and 2022, of the Company's financial position as at 31 March 2021 and 2022 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends declared and paid or settled by the Company's subsidiaries in respect of the Track Record Period and states that no dividend was declared or paid by the Company since its incorporation to the end of the Track Record Period.

[REDACTED]
Certified Public Accountants
Hong Kong
13 September 2022

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong Dollars ("**HK$**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*6*	331,886	387,437	631,512
Cost of sales and services		(262,725)	(301,181)	(515,447)
Gross profit		69,161	86,256	116,065
Other income	*8*	2,176	7,158	190
Other gains and losses	*8*	57	322	162
Net (impairment losses) reversal of impairment losses under expected credit loss model		(958)	(2,471)	2,878
Selling and distribution expenses		(23,366)	(25,274)	(29,881)
Administrative expenses		(14,571)	(16,983)	(24,393)
Finance costs	*9*	(1,898)	(2,093)	(2,037)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Profit before taxation		30,601	31,086	57,715
Taxation	*10*	(4,492)	(6,310)	(10,457)
Profit for the year	*11*	26,109	24,776	47,258
Other comprehensive (expense) income:				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations		(148)	270	171
Total comprehensive income for the year		25,961	25,046	47,429
Earnings per share (Basic — HK cents)	*14*	[REDACTED]	[REDACTED]	[REDACTED]

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 March		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property and equipment	*15*	4,579	7,519	5,073
Financial assets at fair value through profit or loss ("**FVTPL**")	*16*	7,465	7,569	11,090
Deposits	*18*	812	931	986
Deposits paid for acquisition of property, and equipment		—	—	1,090
Deferred tax assets	*27*	332	675	209
		13,188	16,694	18,448
Current assets				
Inventories	*17*	18,150	9,754	15,822
Trade and other receivables, deposits and prepayments	*18*	68,864	123,099	209,693
Contract assets	*19*	770	361	561
Amount due from a director	*20*	65,647	24,407	—
Amounts due from related companies	*21*	20,389	20,949	149
Pledged bank deposits	*22*	—	9,778	8,445
Bank balances and cash	*22*	8,259	7,376	17,166
		182,079	195,724	251,836
Current liabilities				
Trade and other payables and accrued charges	*23*	106,554	78,687	74,866
Contract liabilities	*24*	14,428	15,113	24,636
Amount due to a former director of a subsidiary	*20*	17	—	—
Amount due to a director	*20*	—	—	2,419
Amount due to a related company	*21*	593	593	593
Tax payables		8,162	10,109	9,658
Lease liabilities	*25*	2,168	3,977	2,583
Bank borrowings	*26*	49,680	69,800	77,008
		181,602	178,279	191,763
Net current assets		477	17,445	60,073
Total assets less current liabilities		13,665	34,139	78,521

		As at 31 March		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities				
Lease liabilities	*25*	1,629	2,555	667
Contract liabilities	*24*	277	779	896
		1,906	3,334	1,563
Net assets		11,759	30,805	76,958
Capital and reserves				
Share capital	*28*	20	—*	—*
Reserves		11,739	30,805	76,958
Total equity		11,759	30,805	76,958

** Amounts less than HK$1,000.*

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March 2021 HK$'000	As at 31 March 2022 HK$'000
Non-current asset			
Investments in subsidiaries	35	15,061	15,061
Current asset			
Prepayments	18	4,914	5,241
Bank balance	22	—	19
		4,914	5,260
Current liabilities			
Accrued charges	23	6,800	6,269
Amounts due to subsidiaries	36	13,943	21,456
		20,743	27,725
Net current liabilities		(15,829)	(22,465)
Net liabilities		(768)	(7,404)
Capital and reserves			
Share capital		—*	—*
Reserves	37	(768)	(7,404)
Total equity		(768)	(7,404)

** Amounts less than HK$1,000.*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Translation reserves	Accumulated profits	Total
	HK$'000	*HK$'000* *(note)*	*HK$'000* *(note)*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2019	20	—	1,099	18	6,241	7,378
Profit for the year	—	—	—	—	26,109	26,109
Other comprehensive expense for the year	—	—	—	(148)	—	(148)
Total comprehensive (expense) income for the year	—	—	—	(148)	26,109	25,961
Dividend declared *(note 13)*	—	—	—	—	(20,000)	(20,000)
Deemed distribution from discounting of interest-free amount due from a related company	—	—	(1,580)	—	—	(1,580)
At 31 March 2020	20	—	(481)	(130)	12,350	11,759
Profit for the year	—	—	—	—	24,776	24,776
Other comprehensive income for the year	—	—	—	270	—	270
Total comprehensive income for the year	—	—	—	270	24,776	25,046
Transfer upon reorganisation *(notes 2(vii) and (ix))*	(20)	15,061	(15,041)	—	—	—
Dividend declared *(note 13)*	—	—	—	—	(6,000)	(6,000)
At 31 March 2021	—*	15,061	(15,522)	140	31,126	30,805

** Amount less than HK$1,000.*

	Share capital *HK$'000*	Share premium *HK$'000* *(note)*	Other reserves *HK$'000* *(note)*	Translation reserves *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
At 31 March 2021	—*	15,061	(15,522)	140	31,126	30,805
Profit for the year	—	—	—	—	47,258	47,258
Other comprehensive income for the year	—	—	—	171	—	171
Total comprehensive income for the year	—	—	—	171	47,258	47,429
Deemed distribution to the owner of the Company	—	—	(1,276)	—	—	(1,276)
At 31 March 2022	—*	15,061	(16,798)	311	78,384	76,958

** Amounts less than HK$1,000.*

Note: Other reserves represent the aggregate amount of (i) deemed distribution from discounting of interest-free amount due from a related company; (ii) the disposal of entire issued share capital of MTS Marketing Limited ("**MTSM**") to Mr. Charlie Ip in prior year, resulting a gain on disposal of approximately HK$3,789,000 crediting to other reserves; (iii) the transfer of entire issued share capital of Multisoft Limited ("**Multisoft**") and TriTech Distribution Limited ("**TriTech**") with aggregate amount of HK$20,000 from Mr. Ip Ka Wai, Charlie ("**Mr. Charlie Ip**") to Multisoft Holding Limited ("**Multisoft BVI**") and TriTech Distribution Holding Limited ("**TriTech BVI**"), respectively, during the year ended 31 March 2021 upon reorganisation as disclosed in note 2; (iv) netting off by the equity items of TriTech BVI and Multisoft BVI in aggregate of approximately HK$15,061,000 which credited to share premium on 31 July 2020, when 100% equity interest in TriTech BVI and Multisoft BVI were transferred from Mr. Charlie Ip to the Company as disclosed in note 2(ix); and (v) deemed distribution of approximately HK$1,276,000 of which the [REDACTED] incurred by Mr. Charlie Ip as the owner of the Company during year ended 31 March 2022.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES			
Profit before taxation	30,601	31,086	57,715
Adjustments for:			
Interest income	(2,029)	(1,634)	(75)
Finance costs	1,898	2,093	2,037
Depreciation of right-of-use assets	3,146	3,374	4,452
Depreciation of other property and equipment	485	462	600
Write-down of inventories	927	1,081	721
Loss on disposal and written-off of property and equipment	62	9	3
Fair value gain on financial assets at FVTPL	(80)	(104)	(99)
Net impairment losses (reversal of impairment losses) under expected credit loss model	958	2,471	(2,878)
Operating cash flows before movements in working capital	35,968	38,838	62,476
(Increase) decrease in inventories	(3,779)	7,356	(6,789)
Increase in trade and other receivables, deposits and prepayments	(14,089)	(56,667)	(84,944)
(Increase) decrease in contract assets	(162)	423	(184)
Increase (decrease) in trade and other payables and accrued charges	30,779	(24,636)	(2,239)
Increase in contract liabilities	1,503	1,130	9,640
Cash generated from (used in) operations	50,220	(33,556)	(22,040)
Hong Kong Profits Tax paid	—	(4,646)	(10,416)
Overseas income tax paid	(41)	(60)	(26)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	50,179	(38,262)	(32,482)

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
INVESTING ACTIVITIES			
Bank interest received	4	23	—
Purchase of property and equipment	(830)	(618)	(1,350)
Proceeds from disposal of property and equipment	11	21	8
Deposits paid for acquisition of property and equipment	—	—	(1,090)
Settlement of consideration receivable from a related company for disposal of property and equipment	—	94	—
Advances to related companies	(378)	—	—
Repayments from related companies	5,617	926	20,840
Investment in financial assets at FVTPL	(2,531)	—	(3,422)
Advance to a director	(77,759)	(22,158)	(108,937)
Repayment from a director	12,416	57,398	133,344
Placement of pledged bank deposits	—	(9,778)	(1,709)
Withdrawal of pledged bank deposit	250	—	3,042
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(63,200)	25,908	40,726
FINANCING ACTIVITIES			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest paid	(1,898)	(2,093)	(2,037)
Bank borrowings raised	88,831	195,676	117,395
Repayments of bank borrowings	(65,774)	(175,556)	(110,187)
Repayments of lease liabilities	(2,873)	(3,453)	(4,548)
Advance from a director	—	—	2,419
Advance from a former director of a subsidiary	—	36	—
Repayment to a former director of a subsidiary	(16)	(54)	—
NET CASH FROM FINANCING ACTIVITIES	18,270	11,325	1,460
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,249	(1,029)	9,704
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,057	8,259	7,376
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(47)	146	86
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	8,259	7,376	17,166

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 July 2020 under the Companies Act Chapter 22 of the Cayman Islands. The Company is 70% owned by Ip Group Holdings Limited ("**Ip Group**"), a limited company incorporated in the British Virgin Islands ("**BVI**"), and 30% owned by IPW Group Holdings Limited ("**IPW Group**"), a limited company incorporated in the BVI. Both Ip Group and IPW Group are wholly-owned by Mr. Charlie Ip.

The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Document.

The Company acts as an investment holding company and its subsidiaries are principally engaged in distribution of IT products and related provision of IT implementation services in Hong Kong Special Administrative Region ("**HKSAR**") of the People's Republic of China (the "**PRC**") ("**Hong Kong**"); and procurement of IT products and related provision of IT infrastructure solutions and IT maintenance and support services in Hong Kong, the PRC and Macau.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with HKFRSs issued by the HKICPA and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("**AG 5**") issued by the HKICPA.

Before the completion of the reorganisation detailed below, Multisoft and TriTech, the operating subsidiaries of the Group, were 100% owned by Mr. Charlie Ip.

In preparation of the [REDACTED] of the Company's shares on Main Board of the Stock Exchange (the "**[REDACTED]**"), the companies comprising the Group underwent a group reorganisation as described below:

(i) On 6 April 2018, Mr. Charlie Ip transferred 10,000 issued shares of MTS Group Limited ("**MTS Group**"), representing the entire issued share capital of MTS Group that he held, to Multisoft at a cash consideration of HK$10,000. Upon the completion of transfer, MTS Group is the wholly-owned subsidiary of Multisoft.

(ii) On 24 July 2020, Multisoft BVI was incorporated as a limited liability company in the BVI with an authorised share capital of 50,000 shares with a par value of HK$ 1 each. Upon incorporation, one share of Multisoft BVI was allotted and issued to Mr. Charlie Ip at par value.

(iii) On 24 July 2020, TriTech BVI was incorporated as a limited liability company in the BVI with an authorised share capital of 50,000 shares with a par value of HK$ 1 each. Upon incorporation, one share of TriTech BVI was allotted and issued to Mr. Charlie Ip at par value.

(iv) On 24 July 2020, the Company was incorporated as a limited liability company in the Cayman Islands with an authorised share capital of HK$10,000 divided into 1,000,000 shares with a par value of HK$0.01 each. Upon incorporation, one share was allotted and issued to the initial subscriber credited as fully paid and subsequently transferred to Mr. Charlie Ip at par value on the same day. 99 shares were allotted and issued to Mr. Charlie Ip at par value on the same day.

(v) On 24 July 2020, Ip Group was incorporated as a limited liability company in the BVI with an authorised share capital of 50,000 shares with a par value of HK$ 1 each. Upon incorporation, one share of Ip Group was allotted and issued to Mr. Charlie Ip at par value.

(vi) On 28 July 2020, IPW Group was incorporated as a limited liability company in the BVI with an authorised share capital of 50,000 shares with a par value of HK$ 1 each. Upon incorporation, one share of IPW Group was allotted and issued to Mr. Charlie Ip at par value.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION *(Continued)*

(vii) On 29 July 2020, Mr. Charlie Ip transferred 10,000 issued shares of Multisoft, representing the entire issued share capital of Multisoft that he held, to Multisoft BVI and Multisoft BVI allotted and issued one share of Multisoft BVI at HK$1 to Mr. Charlie Ip. On the same day, Mr. Charlie Ip transferred 10,000 issued shares of TriTech, representing the entire issued share capital of TriTech that he held, to TriTech BVI and TriTech BVI in return allotted and issued one share of TriTech BVI at HK$1 to Mr. Charlie Ip. Upon the completion of the transfers, Multisoft and TriTech become the wholly-owned subsidiaries of Multisoft BVI and TriTech BVI, respectively.

(viii) On 30 July 2020, Mr. Charlie Ip transferred 70 shares of the Company, representing 70% of the entire issued share capital of the Company to Ip Group and transferred 30 shares of the Company, representing 30% of the entire issued share capital of the Company to IPW Group.

(ix) On 31 July 2020, Mr. Charlie Ip transferred two shares of Multisoft BVI, representing all the issued shares of Multisoft BVI to the Company and the Company issued 100 shares to Mr. Charlie Ip at HK$0.01 each. On the same day, Mr. Charlie Ip transferred two shares of TriTech BVI representing all the issued shares of TriTech BVI to the Company and the Company issued 100 shares to Mr. Charlie Ip at HK$0.01 each. Upon the completion, Multisoft BVI and TriTech BVI became the wholly-owned subsidiaries of the Company.

Pursuant to the reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group on 31 July 2020. The Group comprising the Company and its subsidiaries resulting from the Reorganisation have always been under the control of Mr. Charlie Ip regardless of the actual date when the Company formally becomes the holding company of the Group or the incorporation dates of the subsidiaries, therefore, the Group is regarded as a continuing entity. Accordingly, the Historical Financial Information has been prepared as if the Company had always been the holding company of the Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2020 and 2021 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since the respective dates of incorporation, which is a shorter period.

The consolidated statements of financial position of the Group as at 31 March 2020 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the group structure has been in existence of those dates taking into account the respective dates of incorporation, where applicable.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in a jurisdiction where are no statutory audit requirements.

3. APPLICATION OF NEW AND REVISED HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the HKFRSs issued by the HKICPA, including HKFRS 16 "Leases" throughout the Track Record Period.

3. APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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 this Historical Financial Information is determined on such a basis, except for leasing transactions that are within the scope of HKFRS 16, "Leases" 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".

4. SIGNIFICANT ACCOUNTING POLICIES *(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 adopted are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements 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.

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

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

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining business first came under common control of Mr. Charlie Ip.

The net assets of the combining businesses are consolidated using the existing carrying values from Mr. Charlie Ip's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination, to the extent of the continuation of Mr. Charlie Ip's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the dates when the combining businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

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

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Leases

Definition of a lease

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

The Group assesses whether a contract is or contains a lease, at inception of a contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Definition of a lease *(Continued)*

The Group as lessee

Short-term leases

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

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

The Group presents right-of-use assets in "property and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

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

Lease liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Definition of a lease *(Continued)*

The Group as lessee (Continued)

Lease liabilities *(Continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each 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 Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserves.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

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

Retirement benefits costs

Payments to state-managed retirement benefit scheme and Mandatory Provident Fund Scheme ("**MPF Scheme**") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee 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.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Short-term and other long-term employee benefits *(Continued)*

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation 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 each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profits. 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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 and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each 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 assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when 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 each 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property and equipment

Property and equipment are stated in the consolidated statements 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 property and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted on for a prospective basis.

An item of property 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 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.

Impairment loss on assets other than financial assets and contract assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets other than financial assets and contract assets 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 assets other than financial assets and contract assets are estimated individually, when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 in profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

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

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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 FVTPL, except that at 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (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.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items

The Group recognises a loss allowance for ECL on financial assets (including trade and other receivables and deposits, amounts due from a director and related companies, pledged bank deposits and bank balances), contract assets and financial guarantee contracts which are subject to impairment assessment 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 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 and contract assets without significant financing components. Except for debtors who are listed companies or subsidiaries of the listed companies, non-governmental and non-profitable organisation ("NGO") debtors and debtors with aggregate outstanding balances exceeding HK$1,000,000 and relevant contract assets were assessed individually, the remaining trade receivables and contract assets are assessed collectively using a provision matrix grouped based on past due status of the trade receivables. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables and contract assets on the same basis.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items *(Continued)*

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.

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 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items *(Continued)*

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 (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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:

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

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.

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 and 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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items *(Continued)*

Measurement and recognition of ECL (Continued)

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the debtors who are listed companies or subsidiaries of the listed companies, NGO debtors and debtors with aggregate outstanding balances exceeding HK$1,000,000 and relevant contract assets, other receivables and, deposits, amounts due from a director and related companies, pledged bank deposits and bank balances are assessed for ECL on an individual basis and remaining trade receivables and contract assets are assessed as a separate group);

- 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.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

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

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(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 trade and other payables and accrued charges, amount due to a former director of a subsidiary, a director, and a related company and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

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.

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 underlying 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 estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Allowance for inventories

Slow-moving inventories were identified by the management of the Group based on aging analysis and marketability of inventories. Allowance was applied to inventories based on assessment of net realisable value by the management of the Group by considering the latest selling prices and current market conditions. Allowance is recognised if the net realisable value is estimated to be below the cost.

Write-down of inventories of approximately HK$927,000, HK$1,081,000 and HK$721,000 was recognised for the years ended 31 March 2020, 2021 and 2022 respectively. The carrying amounts of inventories are approximately HK$18,150,000, HK$9,754,000 and HK$15,822,000 as at 31 March 2020, 2021 and 2022, respectively.

Estimated impairment of trade receivables and contract assets

When there is objective evidence that trade receivables may be impaired, the Group estimates the future cash flows of those balances. The amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original effective interest rate (i.e. the effective interest rate computed on initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

The management of the Group measures and assesses lifetime ECL on trade receivables based on (i) debtors who are listed companies or subsidiaries of the listed companies, NGO debtors and debtors with aggregate outstanding balances exceeding HK$1,000,000 and relevant contract assets are assessed individually; and (ii) remaining trade receivables and contract assets are based on provision matrix through past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information. The assessment of credit risk of trade receivables involves high degree of estimation uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise accordingly in future periods. The ECL assessment is sensitive to changes in estimates. The information about the Group's trade receivables, contract assets and the ECL are disclosed in notes 18, 19 and 32, respectively. The carrying amount of trade receivables is approximately HK$63,735,000, HK$112,363,000 and HK$157,802,000 as at 31 March 2020, 2021 and 2022, respectively. The carrying amount of contract assets is approximately HK$770,000, HK$361,000 and HK$561,000 as at 31 March 2020, 2021 and 2022, respectively.

6. REVENUE

Revenue from goods and services

An analysis of the Group's revenue from goods and services by segment for the year is as follows:

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Types of goods or services:			
Distribution Business*			
— distribution of IT products	150,011	189,959	393,236
— provision of IT implementation services	14,496	13,585	33,895
	164,507	203,544	427,131
System Integration Solutions Business*			
— procurement of IT products	137,832	148,323	166,668
— provision of IT infrastructure solutions services	21,745	23,761	21,005
— provision of IT maintenance and support services	7,802	11,809	16,708
	167,379	183,893	204,381
	331,886	387,437	631,512

* The segment names are defined in the section "Segment information" in note 7.

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Timing of revenue recognition:			
Over time	44,043	49,155	71,608
A point in time	287,843	338,282	559,904
	331,886	387,437	631,512

Performance obligations for contracts with customers

Revenue from distribution or procurement of IT products

Revenue from distribution or procurement of IT products is recognised when control of the products has been transferred to the customers, being at the point the products are delivered to the customer's specific location. Transportation and other related activities that occur before customers obtain control of the related products are considered as fulfilment activities. A receivable is recognised by the Group when the products are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Group requires certain customers to provide upfront deposits range from 20% to 50% of total contract sum, when the Group receives a deposit before the delivery of products, this will give rise to contract liabilities at the start of a contract, until the products are delivered to the customers. The normal credit term is 0 to 60 days upon delivery.

6. REVENUE *(Continued)*

Revenue from goods and services *(Continued)*

Performance obligations for contracts with customers *(Continued)*

Revenue from provision of IT implementation services and IT infrastructure solutions services

The Group provides IT implementation services and IT infrastructure solutions services to customers. Such services are recognised as a performance obligation satisfied over time as the Group enhances the assets that the customer controls as the assets are enhanced. The progress towards completing satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts (i.e. direct staff costs) to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The normal payment term is 0 to 60 days upon the issuance of invoices to the customers. The Group requires customers to provide upfront deposit range from 20% to 50% of total contract sum, when the Group receives the advance payment before the services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

Revenue from provision of IT maintenance and support services

The Group provides IT maintenance and support services to customers. Such services are recognised as a performance obligation satisfied over time on a straight-line basis over the period of services as the customers simultaneously receives and consumes the benefits provided by the Group's performance. The normal payment term is 0 to 60 days upon the issuance of invoices to the customers. The Group generally requires customers to pay the total contract sum in advance, when the Group receives the advance payment before the services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2020, 2021 and 2022 and the expected timing of recognising revenue are as follows:

	IT maintenance and support services		
		As at 31 March	
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	3,669	2,585	3,406
More than one year but not more than two years	228	479	614
More than two years	49	300	282
	3,946	3,364	4,302

All the Group's other contracts with customers either have original expected duration of one year or less or grant the Group a right to consideration that responds directly with value of the customer of the Group's performance completed to date. As permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations (unsatisfied or satisfied) of these contracts as at 31 March 2020, 2021 and 2022 is not disclosed.

7. SEGMENT INFORMATION

Segment revenue and results

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable and operating segments are therefore as follows:

(1) Distribution Business refers to distribution of IT products of which the Group obtained the authorised distributorship from the suppliers and related provision of IT implementation services by the Group; and

(2) System Integration Solutions Business refers to procurement of IT products and related provision of IT infrastructure solutions services and IT maintenance and support services by the Group.

An analysis of the Group's operating and reportable segment revenue and segment results is as below:

	Distribution Business	**System Integration Solutions Business**	**Elimination**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2020				
Segment revenue	164,507	167,379	—	331,886
Inter-segment sales	10,062	—	(10,062)	—
Total	174,569	167,379	(10,062)	331,886
Segment results	33,519	35,642		69,161
Other income				2,176
Other gains and losses				57
Net impairment losses under expected credit loss model				(958)
Selling and distribution expenses				(23,366)
Administrative expenses				(14,571)
Finance costs				(1,898)
Profit before taxation				30,601

7. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

	Distribution Business	System Integration Solutions Business	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2021				
Segment revenue	203,544	183,893	—	387,437
Inter-segment sales	12,694	42	(12,736)	—
Total	216,238	183,935	(12,736)	387,437
Segment results	44,282	41,974		86,256
Other income				7,158
Other gains and losses				322
Net impairment losses under expected credit loss model				(2,471)
Selling and distribution expenses				(25,274)
Administrative expenses				(16,983)
Finance costs				(2,093)
[REDACTED]				[REDACTED]
Profit before taxation				31,086

	Distribution Business	System Integration Solutions Business	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2022				
Segment revenue	427,131	204,381	—	631,512
Inter-segment sales	11,012	6,754	(17,766)	—
Total	438,143	211,135	(17,766)	631,512
Segment results	76,246	39,819		116,065
Other income				190
Other gains and losses				162
Net reversal of impairment losses under expected credit loss model				2,878
Selling and distribution expenses				(29,881)
Administrative expenses				(24,393)
Finance costs				(2,037)
[REDACTED]				[REDACTED]
Profit before taxation				57,715

7. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 4. Segment result represents the profit earned by each segment without allocation of other income, other gains and losses, net (impairment losses) reversal of impairment losses under expected credit loss model, selling and distribution expenses, administrative expenses, finance costs, [REDACTED] and taxation.

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to the CODM for review.

Geographical information

The Group's operations are located in Hong Kong, the PRC (excluding Hong Kong and Macau) and Macau. Information about the Group's revenue from continuing operations is analysed by location of the shipments of goods or the services provided.

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	322,140	366,923	605,013
The PRC (excluding Hong Kong and Macau)	6,605	14,231	20,173
Macau	3,141	6,283	6,326
	331,886	387,437	631,512

Information about the Group's non-current assets (excluding financial assets and deferred tax assets) which is presented based on geographical location of the assets, is as follows:

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	4,549	7,483	6,134
The PRC (excluding Hong Kong and Macau)	30	36	29
	4,579	7,519	6,163

Information about major customers

An analysis of revenue from customers contributing to over 10% of the Group's total revenue for the years ended 31 March 2020, 2021 and 2022 is as follows:

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Customer A[1]	—[2]	—[2]	108,406
Customer B[1]	—[2]	—[2]	67,385
Customer C[1]	—[2]	—[2]	64,059

1 Revenue derived from Distribution Business.

2 The corresponding revenue did not contribute over 10% of total revenue of the Group for the respective year.

8. OTHER INCOME AND OTHER GAINS AND LOSSES

Other income

	Year ended 31 March		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Bank interest income	4	23	—
Interest income on rental deposits	28	31	35
Effective interest income on amount due from a related company	1,997	1,580	40
Sponsorship income	—	220	16
Government grant *(Note)*	126	5,253	—
Others	21	51	99
	2,176	7,158	190

Note: The government grant received of approximately HK$126,000 during the year ended 31 March 2020 represented the government subsidy received under Branding, Upgrading and Domestic Sales Fund Scheme from the Government of the HKSAR for branding and marketing. The government grant received of approximately HK$5,253,000 during the year ended 31 March 2021 represented the government subsidy received under Employment Support Scheme launched by the Government of the HKSAR.

Other gains and losses

	Year ended 31 March		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Loss on disposals and written-off of property and equipment	(62)	(9)	(3)
Net exchange gain	39	227	66
Fair value gain on financial assets at FVTPL	80	104	99
	57	322	162

9. FINANCE COSTS

	Year ended 31 March		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Interest on bank borrowings	1,691	1,825	1,764
Interest on lease liabilities	207	268	273
	1,898	2,093	2,037

10. TAXATION

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Current tax:			
— Hong Kong Profits Tax	4,623	6,608	9,939
— PRC Enterprise Income Tax ("**EIT**")	48	45	26
Deferred tax (credit) charge *(note 27)*	(179)	(343)	466
Underprovision in prior years	—	—	26
	4,492	6,310	10,457

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 March 2020, 2021 and 2022, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits of one of the companies comprising the Group and at 16.5% on the estimated assessable profits above HK$2,000,000. The profits of corporations not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the Track Record Period. A PRC subsidiary of the Group is qualified as small-scale entity under EIT Law and entitled the relevant EIT tax reduction. A qualified small-scale entity is subject to 10% effective EIT rate from 1 January 2017 to 31 December 2019. Effective from 1 January 2019 to 31 December 2021, a qualified small-scale entity is subject to 5% effective EIT rate for the first RMB1,000,000 taxable income and 10% effective EIT rate for the next RMB2,000,000 taxation income. Effective from 1 January 2021 to 31 December 2022, a qualified small-scale entity is subject to 2.5% effective EIT rate for the first RMB1,000,000 taxable income and 10% effective EIT for the next RMB2,000,000 taxation income.

Macau Complementary Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for both years. No provision for Macau Complementary Tax was made for during the Track Record Period as the subsidiary in Macau does not have assessable profit for the Track Record Period.

10. TAXATION *(Continued)*

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

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Profit before taxation	30,601	31,086	57,715
Taxation at Hong Kong Profits Tax rate of 16.5%	5,049	5,129	9,523
Tax effect of income not taxable for tax purposes	(356)	(1,181)	(117)
Tax effect of expenses not deductible for tax purposes	131	2,749	1,186
Underprovision in respect of prior years	—	—	26
One-off tax deduction	(40)	(20)	—
Tax effect of PRC small-scale entity	(216)	(300)	(46)
Tax effect of two-tiered tax rate	(165)	(165)	(165)
Effect of different tax rates of subsidiary operating in other jurisdiction	89	98	50
Taxation for the year	4,492	6,310	10,457

11. PROFIT FOR THE YEAR

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Profit for the year has been arrived at after charging (crediting):			
Staff costs:			
Directors' remuneration *(note 12)*	1,301	1,834	2,819
Salaries, allowances and other benefits for other staff	36,707	41,487	51,790
Contributions to retirement benefits schemes for other staff	1,505	1,672	2,034
	39,513	44,993	56,643
Depreciation:			
Depreciation of right-of-use assets	3,146	3,374	4,452
Depreciation of other property and equipment	485	462	600
	3,631	3,836	5,052
Auditor's remuneration	100	107	100
Cost of inventories recognised as an expense *(note)*	238,032	269,682	469,780
Net impairment losses (reversal of impairment losses) on trade receivables	929	2,485	(2,862)
Net impairment losses (reversal of impairment losses) on contract assets	29	(14)	(16)
Net impairment losses (reversal of impairment losses) under expected credit loss model	958	2,471	(2,878)

Note: The amount included the write-down of inventories of HK$927,000, HK$1,081,000, and HK$721,000 for the years ended 31 March 2020, 2021 and 2022, respectively.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Mr. Charlie Ip was appointed as director of the Company on 24 July 2020. On 22 October 2020, Mr. Charlie Ip was re-designated as executive director of the Company. On 1 February 2021, Mr. Chan Tim Cheung ("Mr. Tim Chan") was appointed as executive director of the Company. The emoluments paid or payable to them (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period were as follows:

	Fees	Salaries, allowances and other benefits	Performance related bonuses	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000* *(note)*	*HK$'000*	*HK$'000*
Year ended 31 March 2020					
Mr. Charlie Ip	—	521	—	33	554
Mr. Tim Chan	—	729	—	18	747
	—	1,250	—	51	1,301
Year ended 31 March 2021					
Mr. Charlie Ip	—	1,065	37	37	1,139
Mr. Tim Chan	—	677	—	18	695
	—	1,742	37	55	1,834
Year ended 31 March 2022					
Mr. Charlie Ip	—	1,909	43	62	2,014
Mr. Tim Chan	—	717	70	18	805
	—	2,626	113	80	2,819

Note: Performance related bonus was determined by reference to their duties and responsibilities of the relevant individuals within the Group and Group's performance.

Mr. Charlie Ip 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 are for their services in connection with the management of the affairs of the Group.

During the year ended 31 March 2022, the Group has been providing accommodation, which is leased from a third party, to Mr. Charlie Ip for use by him and his family members at no charge. The estimated money value of the benefit in kind is approximately HK$490,000.

None of the directors nor chief executive waived any emoluments during the Track Record Period.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

The five highest paid individuals included 1, 1 and 1 director of the Company whose emoluments are included in the disclosures in (a) above for the years ended 31 March 2020, 2021 and 2022, respectively. The emoluments of the remaining 4, 4 and 4 individuals for the years ended 31 March 2020, 2021 and 2022, respectively, were as follows:

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Salaries, allowance and other benefits	3,678	4,162	4,704
Performance related bonuses *(note)*	60	113	532
Retirement benefits scheme contributions	87	85	72
	3,825	4,360	5,308

Note: Performance related bonus was determined by reference to their duties and responsibilities of the relevant individuals within the Group and Group's performance.

Their emoluments were within the following bands:

	Year ended 31 March		
	2020	**2021**	**2022**
	No. of employees	**No. of employees**	**No. of employees**
Nil to HK$1,000,000	2	2	—
HK$1,000,001 to HK$1,500,000	2	2	2
HK$1,500,001 to HK$2,000,000	—	—	2

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDEND

During the year ended 31 March 2020, Multisoft and TriTech declared dividends of HK$4,000,000 and HK$16,000,000, respectively to the then shareholder.

During the year ended 31 March 2021, Multisoft and TriTech declared dividends of HK$1,000,000 and HK$5,000,000, respectively to the then shareholder.

During the year ended 31 March 2022, no dividend was paid or declared by the Group's subsidiaries to the then shareholder.

The rate of dividend and number of shares ranking for dividend are not presented as such information is not considered meaningful having regard to the purpose of this report.

No dividend was declared or paid by the Company since its incorporation to the end of the Track Record Period.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

Earnings figures are calculated as follows:

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Profit for the year attributable to owners of the Company	26,109	24,776	47,258

	Year ended 31 March		
	2020	**2021**	**2022**
	'000	*'000*	*'000*
Number of ordinary shares in issue for the purpose of calculating basic earnings per share	[REDACTED]	[REDACTED]	[REDACTED]

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue as described in notes 2 and 38 respectively had been effective on 1 April 2019.

No diluted earnings per share information has been presented as there were no potential ordinary shares in issue for Track Record Period.

15. PROPERTY AND EQUIPMENT

	Leased properties *HK$'000*	Leasehold improvements *HK$'000*	Office equipment *HK$'000*	Motor vehicles *HK$'000*	Furniture and fixtures *HK$'000*	Total *HK$'000*
COST						
At 1 April 2019	10,754	1,020	2,776	875	444	15,869
Exchange adjustments	(26)	—	—	—	—	(26)
Additions	3,666	483	161	—	186	4,496
Modifications	136	—	—	—	—	136
Written-off	—	(61)	—	—	—	(61)
Disposals	(1,370)	—	(20)	—	(175)	(1,565)
At 31 March 2020	13,160	1,442	2,917	875	455	18,849
Exchange adjustments	21	—	—	—	—	21
Additions	1,006	497	100	1,815	21	3,439
Modifications	3,364	—	—	—	—	3,364
Written-off	—	—	(22)	—	—	(22)
Disposals	—	—	(21)	—	—	(21)
At 31 March 2021	17,551	1,939	2,974	2,690	476	25,630
Exchange adjustments	6	—	—	—	—	6
Additions	1,193	197	1,130	—	23	2,543
Modifications	83	—	—	—	—	83
Disposals	(310)	—	(16)	—	—	(326)
At 31 March 2022	18,523	2,136	4,088	2,690	499	27,936

15. PROPERTY AND EQUIPMENT *(Continued)*

	Leased properties *HK$'000*	Leasehold improvements *HK$'000*	Office equipment *HK$'000*	Motor vehicles *HK$'000*	Furniture and fixtures *HK$'000*	Total *HK$'000*
ACCUMULATED DEPRECIATION						
At 1 April 2019	8,186	984	1,990	546	415	12,121
Exchange adjustments	(23)	—	—	—	—	(23)
Provided for the year	2,899	76	387	247	22	3,631
Eliminated on disposals	(1,370)	—	(6)	—	(56)	(1,432)
Eliminated on written-off	—	(27)	—	—	—	(27)
At 31 March 2020	9,692	1,033	2,371	793	381	14,270
Exchange adjustments	18	—	—	—	—	18
Provided for the year	3,072	120	324	302	18	3,836
Eliminated on written-off	—	—	(7)	—	—	(7)
Eliminated on disposals	—	—	(6)	—	—	(6)
At 31 March 2021	12,782	1,153	2,682	1,095	399	18,111
Exchange adjustments	5	—	—	—	—	5
Provided for the year	3,792	220	354	660	26	5,052
Eliminated on disposals	(300)	—	(5)	—	—	(305)
At 31 March 2022	16,279	1,373	3,031	1,755	425	22,863
CARRYING VALUES						
At 31 March 2020	3,468	409	546	82	74	4,579
At 31 March 2021	4,769	786	292	1,595	77	7,519
At 31 March 2022	2,244	763	1,057	935	74	5,073

Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leased properties	Over the lease terms
Leasehold improvements	Over the lease terms
Office equipment	30%
Motor vehicles	Over the shorter of lease term or 30%
Furniture and fixtures	20%

15. PROPERTY AND EQUIPMENT *(Continued)*

The Group as lessee

Right-of-use assets

	Leased properties	Motor vehicle	Total
	HK$'000	*HK$'000*	*HK$'000*
Carrying values			
At 31 March 2020	3,468	82	3,550
At 31 March 2021	4,769	1,595	6,364
At 31 March 2022	2,244	935	3,179
Depreciation charge			
For the year ended 31 March 2020	2,899	247	3,146
For the year ended 31 March 2021	3,072	302	3,374
For the year ended 31 March 2022	3,792	660	4,452

For the years ended 31 March 2020, 2021 and 2022, the Group leases various offices, staff quarter, data centre, warehouses, temporary offices and motor vehicle for its operations. Lease contracts are entered into for fixed term of six months to three years, but may have termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

For the years ended 31 March 2020, 2021 and 2022, the expense relating to short-term leases are approximately HK$194,000, HK$146,000, and HK$482,000, respectively.

The Group regularly entered into short-term leases for data centre, warehouses and temporary offices. As at 31 March 2020, 2021 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in this note.

For the years ended 31 March 2020, 2021 and 2022, the total cash outflow for leases are approximately HK$3,274,000, HK$3,867,000 and HK$5,303,000, respectively. Amount includes payments of principal and interest portion of lease liabilities, short-term leases and payments of lease payments on or before lease commencement date. These amounts could be presented in operating or financing cash flows.

In addition, the Group reassesses whether it is reasonably certain not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the Track Record Period, there is no such triggering event. As at 31 March 2020, 2021 and 2022, all leases by the Group do not have extension option.

For the years ended 31 March 2020, 2021 and 2022, the additions to right-of-use assets amounted to approximately HK$3,666,000, HK$2,821,000 and HK$1,193,000, respectively.

15. PROPERTY AND EQUIPMENT *(Continued)*

The Group as lessee *(Continued)*

Right-of-use assets *(Continued)*

During the Track Record Period, the Group has modifications on certain leased properties in relation to renewal of respective lease contracts.

In addition, lease liabilities of approximately HK$3,797,000, HK$6,532,000 and HK$3,250,000, respectively, are recognised with related right-of-use assets of HK$3,550,000, HK$6,364,000 and HK$3,179,000, respectively, as at 31 March 2020, 2021 and 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor, leased assets may not be used as security for borrowing purpose.

16. FINANCIAL ASSETS AT FVTPL

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Life insurance contracts for a director	7,465	7,569	11,090

Before the Track Record Period, the Group entered into a life insurance contract with a bank to insure a director of the Company. Under the policy, the beneficiary and policy holder is Multisoft and the total insured sum is approximately United States Dollars ("**US$**") 2,250,000 (equivalent to approximately HK$17,550,000). Multisoft paid a gross premium of approximately US$372,000 (equivalent to approximately HK$2,905,000) at inception of the policies. Multisoft may request a partial surrender or full surrender of the insurance contract at any time and receive cash back based on the account value of the policy ("**Account Value**") at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus insurance premium charged at inception. In addition, if withdrawal is made between the 1st to 18th policy year, there is a specified surrender charge deducted from Account Value. The bank will pay Multisoft a guaranteed interest rate of 4.2% per annum for the first year of the contract and a variable return per annum afterwards (with minimum guaranteed interest rate of 2% per annum) during the effective period of the policy.

Before the Track Record Period, the Group also entered into a life insurance contract with an insurance institution to insure a director of the Company. Under the policy, the beneficiary and policy holder is Multisoft and the total insured sum is approximately US$1,200,000 (equivalent to approximately HK$9,360,000). Multisoft paid a gross premium of approximately US$217,000 (equivalent to approximately HK$1,693,000, at inception of the policies. Multisoft may request a partial surrender or full surrender of the insurance contract at any time and receive cash back based on the Account Value at the date of withdrawal, which is determined by the gross premium paid plus accumulated interest earned and minus insurance premium charged at inception. In addition, if withdrawal is made between the 1st to 25th policy year, there is a specified surrender charge deducted from Account Value. The insurance institution will pay Multisoft variable returns per annum during the effective period of the policy.

During the year ended 31 March 2020, the Group further entered into a life insurance contract with an insurance institution to insure a director of the Company. Under the policy, the beneficiary and policy holder is TriTech and the total insured sum is approximately US$1,520,000 (equivalent to approximately HK$11,856,000). TriTech paid a gross premium of approximately US$325,000 (equivalent to approximately HK$2,531,000) at inception of the policies. TriTech may request a partial surrender or full surrender of the insurance contract at any time and receive cash back based on the Account Value at the date of withdrawal, which is determined by the gross premium paid plus accumulated interest earned and minus insurance premium charged at inception. In addition, if withdrawal is made between the 1st to 9th policy year, the Group could only redeem an specified fixed amount of approximately US$260,000 (equivalent to approximately HK$2,028,000) from the insurance institution. If withdrawal is made on or after 10th policy year, the Group could redeem the specified fixed amount of approximately US$260,000 (equivalent to approximately HK$2,028,000) plus accumulated variable returns from the insurance institution as at the withdrawal date. The insurance institution will pay TriTech variable returns per annum during the effective period of the policy.

16. FINANCIAL ASSETS AT FVTPL *(Continued)*

During the year ended 31 March 2022, the Group further entered into a life insurance contract with an insurance institution to insure a director of the Company. Under the policy, the beneficiary and policy holder is TriTech and the total insured sum is approximately US$2,000,000 (equivalent to approximately HK$15,555,000). TriTech paid a gross premium of approximately US$440,000 (equivalent to approximately HK$3,422,000) at inception of the policies. TriTech may request a partial surrender or full surrender of the insurance contract at any time and receive cash back based on the Account Value at the date of withdrawal, which is determined by the gross premium paid plus accumulated interest earned and minus insurance premium charged at inception. In addition, if withdrawal is made between the 1st to 34th policy year, there is a specified surrender charge deducted from Account Value. The bank will pay TriTech a guaranteed interest rate of 4.2% per annum for the first year of the contract and a variable return per annum afterwards (with minimum guaranteed interest rate of 2% per annum) during the effective period of the policy.

At the inception date of these contracts, the upfront payment included a fixed policy premium charge and deposits. Monthly policy expense and insurance charges will be incurred over the insurance period with reference to the terms set out in the policy.

Payment for a life insurance policy is classified as financial assets at FVTPL as contractual rights to cash flows do not represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

The directors of the Company represent that the Group will not terminate the contract nor withdraw cash prior to the end of the surrender period and the expected life of the policy remained unchanged from the initial recognition at each of the reporting period.

Life insurance contracts for a director are measured under Level 3 fair value hierarchy. The fair value is measured with reference to the information provided by counterparties, which includes the cash value of the life insurance policies, the premium paid to the life insurance policies and net yield with reference to the average expected return rate of 2%. The significant unobservable input is the average expected return rate. Assuming other inputs were held consistent, an increase in average expected return rate would result in an increase in the fair value of the life insurance contracts and vice versa. In the opinion of the directors of the Company, the change of average expected return rate of the life insurance policies is insignificant based on the historical records and therefore no sensitivity analysis is provided. There is no transfer among the fair value hierarchy during the Track Record Period.

17. INVENTORIES

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Finished goods at cost	18,150	9,754	15,822

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group	As at 31 March		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Gross carrying amounts	65,945	116,728	159,314
Less: allowance for credit losses	(2,210)	(4,365)	(1,512)
	63,735	112,363	157,802
Rental and other deposits	1,539	943	997
Prepayments *(note)*	4,362	5,658	46,447
Prepaid [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other receivables	40	152	192
Total	69,676	124,030	210,679
Presented as non-current assets	812	931	986
Presented as current assets	68,864	123,099	209,693
	69,676	124,030	210,679

Note: Included in the prepayments as at 31 March 2022 was a prepayment to a vendor amounted to approximately HK$33,540,000 for the IT products under Distribution Business and was subsequently utilised in April 2022.

As at 1 April 2019, trade receivables from contracts with customers were approximately HK$51,671,000.

The Company	As at 31 March 2021	As at 31 March 2022
	HK$'000	*HK$'000*
Prepaid [REDACTED]	[REDACTED]	[REDACTED]
Deferred [REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

The Group normally allows credit period of 0 to 60 days to its customers. The following is an ageing analysis of trade receivables, net of allowance on credit losses, presented based on the invoice date at the end of each reporting period.

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables without instalment settlement			
0 — 30 days	19,155	46,101	108,229
31 — 60 days	14,602	32,015	16,299
61 — 90 days	6,816	13,386	11,616
91 — 180 days	13,343	10,945	12,368
Over 180 days	7,872	9,303	9,200
	61,788	111,750	157,712
Trade receivables with instalment settlement *(note)*			
0 — 30 days	55	—	—
31 — 60 days	42	—	—
61 — 90 days	254	—	—
91 — 180 days	—	—	—
Over 180 days	1,596	613	90
	1,947	613	90
	63,735	112,363	157,802

Note: The Group offered certain customers (mainly NGOs) on interest-free instalment settlement arrangement with instalment period ranged from 4 months to 36 months. In the opinion of the directors of the Company, the financing components of the contracts with instalment settlement arrangement were insignificant in contract level during the Track Record Period.

As at 31 March 2020, 2021 and 2022, included in the trade receivables balance are debtors with an aggregate carrying amount of approximately HK$47,606,000, HK$47,820,000 and HK$50,341,000, respectively, which have past due at the end of the reporting period. Out of the past due balances, approximately HK$18,988,000, HK$16,407,000 and HK$13,781,000, respectively, as at 31 March 2020, 2021 and 2022 has been past due 90 days or more and is not considered as in default. With reference to the historical records, past experience and also available reasonable and supportive forward-looking information to those customers, the management of the Group does not consider these receivables as credit impaired as these customers have a good business relationship with the Group and recurring overdue records of these customers with satisfactory settlement history.

Details of impairment assessment of trade and other receivables and deposits as at 31 March 2020, 2021 and 2022 are set out in note 32.

19. CONTRACT ASSETS

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Contract assets from IT infrastructure solutions services contracts	813	390	574
Less: allowance for credit losses	(43)	(29)	(13)
	770	361	561

As at 1 April 2019, the carrying amounts of contract assets were approximately HK$637,000.

The contract assets primarily relate to the Group's right to consideration for the services performed and not billed because the rights are conditioned on user acceptance by customers. The contract assets are transferred to trade receivables when the rights become unconditional. The normal credit term is 0 to 60 days upon the issuance of invoices to the customers.

The Group classifies these contract assets as current assets because the Group expects to realise them in its normal operating cycle which is within 12 months after the end of the reporting period.

Details of the impairment assessment of contract assets as at 31 March 2020, 2021 and 2022 are set out in note 32.

20. AMOUNT DUE FROM/TO A DIRECTOR/AMOUNT DUE TO A FORMER DIRECTOR OF A SUBSIDIARY

The amounts are non-trade, unsecured, interest-free and repayable on demand. As represented by the directors of the Company, the amount will be settled before the [REDACTED].

Details of amount due from a director are stated as follows:

	As at 1 April	As at 31 March			Maximum amount outstanding during the year ended 31 March		
	2019	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Charlie Ip	20,304	65,647	24,407	—	84,872	67,166	24,407

Details of impairment assessment of amount due from a director as at 31 March 2020 and 2021 are set out in note 32.

Details of amount due to a director are stated as follows:

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Mr. Charlie Ip	—	—	2,419

Details of amount due to a former director of a subsidiary are stated as follows:

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Mr. Wu Wai Hung ("**Mr. Vincent Wu**")	17	—	—

21. AMOUNTS DUE FROM/TO RELATED COMPANIES

Amounts due from related companies

Details of amounts due from related companies are stated as follows:

	As at 1 April	As at 31 March			Maximum amount outstanding during the year ended 31 March		
	2019	2020	2021	2022	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Wefi Limited ("**WEFI**")	8	8	—	—	8	8	—
MTSM	149	149	149	149	149	149	149
China Solar Investment Limited ("**CSIL**")	24,960	19,854	20,800	—	26,957	26,957	20,800
TTDIST SDN. BHD. ("**TTDIST**")	—	378	N/A	N/A	—	378	N/A
	25,117	20,389	20,949	149			

All related companies are controlled by Mr. Charlie Ip. TTDIST was 51% owned by Mr. Charlie Ip. On 12 August 2020, Mr. Charlie Ip transferred his 51% interest in TTDIST to an independent third party and TTDIST become a former related company of the Group.

The amounts due from related companies are non-trade in nature, unsecured, interest-free as at 31 March 2020, 2021 and 2022.

Since the beginning of the Track Record Period and during the Track Record Period, the Group advanced the funds to finance the operations of the related companies controlled by Mr. Charlie Ip. The amounts due from related companies are classified as current assets as at 31 March 2020 and 2021 and 2022 as the management's intention to settle such advances upon the [REDACTED]. The amounts due from related companies are carried at effective interest rate of 8.14% per annum.

Included in the amount due from CSIL of HK$94,000 represented the consideration receivables from CSIL for disposal of property and equipment to CSIL as at 31 March 2020. The amount was settled during the year ended 31 March 2021.

As represented by the directors of the Company, the amounts due from related companies will be settled before the [REDACTED].

Details of the impairment assessment of amounts due from related companies as at 31 March 2020, 2021 and 2022 are set out in note 32.

21. AMOUNTS DUE FROM/TO RELATED COMPANIES *(Continued)*

Amount due to a related company

Details of amount due to a related company are stated as follows:

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
MTSM	593	593	593

MTSM is controlled by Mr. Charlie Ip.

The amount is trade in nature, unsecured, interest-free, repayable on demand and, aged over one year as at 31 March 2020, 2021 and 2022.

22. PLEDGED BANK DEPOSITS, BANK BALANCES AND CASH

As at 31 March 2021 and 2022, the Group pledged bank balances with aggregate carrying amount of approximately HK$ 9,778,000 and HK$8,445,000, respectively, to a bank to secure the bank borrowings and facilities granted by the bank as disclosed in note 26.

Bank balances and cash comprise cash held and short term bank deposits with an original maturity of three months or less. As at 31 March 2020, 2021 and 2022, the pledged bank deposits and bank balances of the Group carried interest at prevailing market rate of 0.00% to 0.01%, 0.00% to 0.01% and 0.00% to 0.01% per annum, respectively.

Details of impairment assessment of pledged bank deposits and bank balances as at 31 March 2020, 2021 and 2022 are set out in note 32.

23. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

The Group

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	103,460	68,463	64,682
Staff costs payables	2,535	2,570	3,261
Other payables and accrued charges	559	854	654
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	106,554	78,687	74,866

23. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES *(Continued)*

The Company

	At 31 March 2021	As at 31 March 2022
	HK$'000	*HK$'000*
Accrued [REDACTED]	[REDACTED]	[REDACTED]
Accrued [REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]

The credit period granted by suppliers is generally 0 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period.

	As at 31 March		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
0 — 30 days	17,546	27,994	21,332
31 — 60 days	11,085	22,198	10,407
61 — 90 days	8,706	11,375	12,872
91 — 180 days	13,511	1,626	5,303
Over 180 days	52,612	5,270	14,768
	103,460	68,463	64,682

24. CONTRACT LIABILITIES

	As at 31 March		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities from:			
Distribution or procurement of IT Products	10,525	12,022	20,780
Provision of IT infrastructure solutions services	234	506	450
Provision of IT maintenance and support services	3,946	3,364	4,302
	14,705	15,892	25,532
Analysed for reporting purpose as:			
Current liabilities	14,428	15,113	24,636
Non-current liabilities	277	779	896
	14,705	15,892	25,532

24. CONTRACT LIABILITIES *(Continued)*

As at 1 April 2019, the carrying amounts of contract liabilities were approximately HK$13,202,000.

The contract liabilities from provision of IT maintenance and support services are recognised as revenue using straight-line method over the terms of respective contracts and amounts to be released to profit or loss after twelve months of the reporting period are presented as non-current liabilities. The Group classifies other contract liabilities as current liabilities because the Group expects to be settled in its normal operating cycle which is within 12 months after the end of the reporting period.

The increase in contract liabilities represents the increase in amount of upfront deposits received from the customers.

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

	For the year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:			
Revenue from distribution or procurement of IT products	9,480	10,525	12,022
Revenue from provision of IT infrastructure solutions services	174	234	506
Revenue from provision of IT maintenance and support services	3,044	3,669	2,585
	12,698	14,428	15,113

25. LEASE LIABILITIES

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Lease liabilities payable:			
Within one year	2,168	3,977	2,583
Within a period of more than one year but not more than two years	1,390	1,985	667
Within a period of more than two years but not more than five years	239	570	—
	3,797	6,532	3,250
Less: Amounts due for settlement within 12 months shown under current liabilities	(2,168)	(3,977)	(2,583)
Amounts due for settlement after 12 months shown under non-current liabilities	1,629	2,555	667

25. LEASE LIABILITIES *(Continued)*

The lease liabilities of approximately HK$3,797,000, HK$5,050,000 and HK$2,360,000 are secured by the rental deposits of approximately HK$686,000, HK$675,000 and HK$783,000, respectively as at 31 March 2020, 2021 and 2022.

As at 31 March 2021 and 2022, lease liabilities of approximately HK$1,482,000 and HK$890,000, respectively are guaranteed by Mr. Charlie Ip.

As represented by the management of the Group, the personal guaranteed provided by Mr. Charlie Ip will be released upon the [REDACTED].

26. BANK BORROWINGS

	As at 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Secured variable-rate bank borrowings	47,997	53,571	61,212
Unsecured fixed-rate bank borrowings	1,683	4,442	2,856
Secured fixed-rate bank borrowings	—	11,787	12,940
	49,680	69,800	77,008
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable*:			
Within one year	49,239	56,483	65,381
Within a period of more than one year but not exceeding two years	441	4,337	2,362
Within a period of more than two years but not exceeding five years	—	2,895	1,070
More than five years	—	6,085	8,195
	49,680	69,800	77,008

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 March 2020, the variable-rate bank borrowings of approximately HK$24,035,000 are secured by properties owned by Mr. Charlie Ip or CSIL and guaranteed by Mr. Charlie Ip, CSIL, Multisoft and MTS Group.

As at 31 March 2020, 2021 and 2022, the secured variable-rate bank borrowings of approximately HK$23,962,000, HK$53,571,000 and HK$53,261,000, respectively are secured by properties owned by CSIL as well as the life insurance contracts as disclosed in note 16 and guaranteed by Mr. Charlie Ip, CSIL and Multisoft. Out of these bank borrowings, the variable-rate bank borrowings of approximately HK$26,845,000 and HK$28,287,000 are also secured by the pledged bank deposits as disclosed in note 22 as at 31 March 2021 and 2022, respectively.

As at 31 March 2022, the secured variable-rate bank borrowings of approximately HK$7,951,000 are secured by properties owned by CSIL, the life insurance contracts as disclosed in note 16 and guaranteed by Mr. Charlie Ip, Multisoft, TriTech and CSIL.

As at 31 March 2020, 2021 and 2022, the unsecured fixed-rate bank borrowings of approximately HK$1,683,000, HK$4,442,000 and HK$2,856,000, respectively are guaranteed by HKMC Insurance Limited.

26. BANK BORROWINGS *(Continued)*

As at 31 March 2021 and 2022, the secured fixed-rate bank borrowings of approximately HK$11,787,000 and HK$10,435,000 are secured by properties owned by CSIL, the life insurance contracts as disclosed in note 16 and the pledged bank deposits as disclosed in note 22 and guaranteed by Mr. Charlie Ip, Multisoft and CSIL. As at 31 March 2022, the secured fixed-rate bank borrowings of approximately HK$2,505,000 are secured by properties owned by CSIL and the life insurance contracts as disclosed in note 16 and guaranteed by Mr. Charlie Ip, Multisoft, TriTech and CSIL.

The variable-rate bank borrowings bear interest ranging from Best Lending Rate ("**BLR**") minus/plus a spread per annum, Hong Kong Inter-bank Offered Rate ("**HIBOR**") plus 2% to 3.75% and prime rate minus/plus a spread per annum. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	As at 31 March		
	2020	**2021**	**2022**
Effective interest rates:			
Fixed-rate bank borrowings	5.3% to 5.6%	2.3% to 5.6%	2.3% - 2.8%
Variable-rate bank borrowings	2.3% to 5.4%	2.1% to 3.6%	2.0% - 5.0%

As represented by the management of the Group, the pledged of assets, the corporate guarantees and the personal guarantees provided by the related parties will be released upon the [REDACTED].

27. DEFERRED TAX ASSETS

The following is the deferred tax assets recognised and movements thereon during the Track Record Period.

	ECL provision	**Accelerated accounting (tax) depreciation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2019	153	—	153
Credit to profit or loss	155	24	179
At 31 March 2020	308	24	332
Credit (charge) to profit or loss	359	(16)	343
At 31 March 2021	667	8	675
Charge to profit or loss	(417)	(49)	(466)
At 31 March 2022	250	(41)	209

28. SHARE CAPITAL

The share capital as at 31 March 2020 represented the share capital of Multisoft and TriTech.

The share capital as at 31 March 2021 and 2022 represented the share capital of the Company. Details of the Company's shares are disclosed as follows:

	Number of shares	Amount	
		HK$	*HK$'000*
Ordinary shares of HK$0.01 each			
Authorised:			
At 24 July 2020 (date of incorporation) and 31 March 2021 and 2022	1,000,000	10,000	10
Issued and fully paid:			
At 24 July 2020 (date of incorporation) *(note 2(iv))*	100	1	—
Issue of shares *(note 2(ix))*	200	2	—
At 31 March 2021 and 2022	300	3	—

29. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the local municipal government of Shenzhen. The PRC subsidiary is required to contribute 10% to 15% of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

During the year ended 31 March 2020, 2021 and 2022, there were no significant forfeited contributions which arose upon employees leaving the schemes before they are fully vested in the contributions and which are available to reduce the contributions payable by the Group in the future.

The total expenses recognised in profit or loss of approximately HK$1,556,000, HK$1,727,000, and HK$2,114,000 for the years ended 31 March 2020, 2021 and 2022 represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

30. RELATED PARTY TRANSACTIONS

Saved as disclosed in notes 16, 20, 21, 25 and 26 to the Historical Financial Information, the Group has entered into the following related party transactions:

	As at/for the year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Disposal of property and equipment to CSIL	94	—	—
Effective interest income on amount due from a related company	1,997	1,581	40

Compensation of key management personnel

The remuneration of the key management personnel of the Group during the Track Record Period were as follows:

	Year ended 31 March		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Short-term benefits	3,728	4,351	4,766
Post-employment benefits	120	132	87
	3,848	4,483	4,853

Financial guarantee contracts

On 21 June 2018, a bank granted joint banking facilities of approximately HK$17,024,000 and HK$6,776,000 to Multisoft and CSIL, respectively. On 26 June 2019, the bank renewed and granted joint banking facilities of approximately HK$17,024,000 and HK$6,353,000 to Multisoft and CSIL, respectively. On 20 January 2020, the bank renewed and granted joint banking facilities of approximately HK$26,024,000 and HK$6,101,000 to Multisoft and CSIL, respectively. On 7 September 2020, the bank renewed and granted joint banking facilities of approximately HK$26,024,000 and HK$5,843,000 to Multisoft and CSIL, respectively. On 27 August 2021, the bank renewed and granted joint banking facilities of approximately HK$26,024,000 and HK$5,393,000 to Multisoft and CSIL, respectively. The banking facilities are secured by properties owned by CSIL as well as the life insurance contracts as disclosed in note 16 and guaranteed by Mr. Charlie Ip, CSIL and Multisoft. The fair values of the financial guarantee as at date of grant were arrived at on the basis of valuation carried out on that date by Asset Appraisal Limited ("Asset Appraisal"), independent qualified professional valuer not connected with the Group. The address of Asset Appraisal is Room 901, 9/F, On Hong Commercial Building, 145 Hennessy Road, Wanchai, Hong Kong. Asset Appraisal is a member of the Hong Kong Institute of Surveyors. The initial fair value of these financial guarantees were insignificant. As at 31 March 2020, 2021 and 2022, CSIL has utilised approximately HK$6,027,000, HK$5,581,000 and HK$5,125,000, respectively, banking facilities and did not default payment during the Track Record Period.

30. RELATED PARTY TRANSACTIONS *(Continued)*

The management of the Group represents that the above financial guarantees provided to the banks in relation to banking facilities granted to CSIL will be released upon the [REDACTED].

On 28 February 2019, another bank granted joint banking facilities of approximately HK$25,700,000 and HK$11,054,000 to Multisoft and CSIL, respectively. The banking facilities are guaranteed by Mr. Charlie Ip, CSIL, Multisoft and MTS Group and are also pledged by properties owned by CSIL. The fair values of the financial guarantee as at date of grant were arrived at on the basis of valuation carried out on that date by Asset Appraisal Limited. The initial fair value of these financial guarantees were insignificant. As at 31 March 2019, CSIL has utilised approximately HK$5,175,000, respectively, banking facilities and did not default payment during the Track Record Period. During the year ended 31 March 2020, this financial guarantee has been released.

31. 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 equity holders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of debts, which includes the bank borrowings disclosed in note 26 and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group considers the Group's credit facilities are able to renew on an on-going basis, which provide sufficient cash to finance the Group's working capital and balance its overall capital structure.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

		As at 31 March	
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
The Group			
Financial assets			
Financial assets at amortised cost	159,609	175,934	184,560
Financial assets at FVTPL	7,465	7,569	11,090
Financial liabilities			
Amortised cost	156,844	149,080	154,886
The Company			
Financial assets			
Financial assets at amortised cost	—	—	19
Financial liabilities			
Amortised cost	—	20,743	27,725

32. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade and other receivables and deposits, amount due from/to a director, amount due to a former director of a subsidiary, amounts due from/to related companies, pledged bank deposits, bank balances and cash, trade and other payables and accrued charges, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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 in a timely and effective manner.

The Company's major financial instruments included bank balance, accrued charges and amounts due to subsidiaries.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases and bank balances which expose the Group to foreign currency risk. Approximately 13%, 3% and 6%, respectively of the Group's sales for the year ended 31 March 2020, 2021 and 2022 is denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 24%, 17% and 52%, respectively of the costs is denominated in currencies other than the functional currency of the group entity making purchase.

At the end of each reporting period, the carrying amounts of foreign currency denominated monetary liabilities recognised in the Historical Financial Information are as follows:

The Group

As at 31 March 2020

	US$
	HK$'000
Financial assets at FVTPL	7,465
Trade receivables	3,526
Bank balances and cash	3,150
Trade payables	18,154

As at 31 March 2021

	US$
	HK$'000
Financial assets at FVTPL	7,569
Pledged bank deposits	43
Bank balances and cash	30

As at 31 March 2022

	US$
	HK$'000
Financial assets at FVTPL	11,090
Pledged bank deposits	1
Bank balances and cash	2,473
Bank borrowings	13,056

32. FINANCIAL INSTRUMENTS *(Continued)*

Market risk *(Continued)*

Currency risk *(Continued)*

Sensitivity analysis

Since the exchange rate of HK$ is pegged with US$, the Group does not expect any significant movements in the US$/HK$ exchange rates. Therefore, no sensitivity analysis is provided on the change in foreign exchange rate of HK$ against US$.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's interest-free amount due from/to a director, amount due to a former director of a subsidiary (note 20), amounts due from/to related companies (note 21), lease liabilities (note 25) and fixed-rate bank borrowings (note 26). Also, the Group's cash flow interest rate risk primarily relates to the variable-rate pledged bank deposits and bank balances (note 22) and variable-rate bank borrowings (note 26). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of market interest rates on pledged bank deposits and bank balances and BLR, HIBOR and prime rate arising from the Group's bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings at the end of each reporting period were outstanding for the whole year and 50 basis points increase or decrease are used. The bank balances are excluded from the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is not significant.

If interest rates have been 50 basis points higher/lower for variable-rate bank borrowings and all other variables were held constant, the Group's post-tax profit for the years ended 31 March 2020, 2021 and 2022 would decrease/increase by approximately HK$200,000, HK$224,000 and HK$256,000, respectively.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates with alternative nearly risk-free rates. The Group has several HIBOR bank borrowings which may be subject to interest rate benchmark reform. The management of the Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the reform.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables and deposits, contract assets, amounts due from a director and related companies, pledged bank deposits, bank balances and financial guarantee contracts.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets and financial guarantee contracts as stated in the consolidated statements of financial position at the end of each reporting period.

32. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The Group applies simplified approach and always recognises lifetime ECL for trade receivables. To measure the ECL of trade receivables, except for debtors who are listed companies or subsidiaries of the listed companies, NGO debtors and debtors with aggregate outstanding balances exceeding HK$1,000,000 and relevant contract assets that were assessed individually, the remaining trade receivables and contract assets are assessed collectively using a provision matrix grouped based on past due status of the trade receivables. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables and contract assets on the same basis.

As at 31 March 2020, 2021 and 2022, the Group had concentration of credit risk as 10%, 25% and 22%, respectively, of the total trade receivables was due from the Group's largest debtor and 33%, 61% and 58%, respectively, of the total trade receivables was due from the Group's top five largest debtors.

Other receivables and deposits

Management of the Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits. The Group performs impairment assessment under 12-month ECL model. As at 31 March 2020, 2021 and 2022, the Group assessed the ECL for other receivables and deposits was insignificant as the exposure of other receivables and deposits is insignificant.

Amount due from a director

The Group has significant concentration of credit risk on amount due from a director as at 31 March 2020 and 2021. In the opinion of the management of the Group, the risk of default by the director is not significant as the management of the Group considers the director with good credit worthiness based on his past experience and satisfactory settlement history. Also, the amount could be settled by the Company's dividend distribution attributable to the director. Thus, the Group assessed that the ECL on the balance is insignificant as at 31 March 2020 and 2021 and thus no impairment loss allowance is recognised.

Amounts due from related companies

The Group has significant concentration of credit risk on amounts due from related companies as at 31 March 2020, 2021 and 2022. Management of the Group considers the counterparties with good credit worthiness based on their past experience and satisfactory settlement history. As at 31 March 2020, 2021 and 2022, the Group assessed the ECL for amounts due from related companies was insignificant taking into account the insignificant estimated loss given default based on the financial position of these counterparties.

32. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

Pledged bank deposits and bank balances

The Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and therefore the management of the Group considers the risk of default is low. The Group uses 12-month ECL to perform the assessment under ECL model on balances individually based on the average loss rate by reference to credit ratings assigned by international credit-rating agencies. As at 31 March 2020, 2021 and 2022, the management of the Group considers the credit risk is limited and thus the ECL is insignificant.

The tables below detail the credit risk exposures of the Group's financial assets and other items which are subject to ECL assessment as at 31 March 2020, 2021 and 2022:

	Notes	**External credit rating**	**12-month or lifetime ECL**	**Gross carrying amounts**		
				As at 31 March 2020	**As at 31 March 2021**	**As at 31 March 2022**
				HK$'000	*HK$'000*	*HK$'000*
The Group						
Financial assets at amortised costs						
Trade receivables *(note i)*	18	N/A	Lifetime ECL — not credit-impaired	65,603	116,728	159,314
			Lifetime ECL — credit-impaired	342	—	—
				65,945	116,728	159,314
Other receivables and deposits *(note ii)*	*18*	N/A	12-month ECL	1,579	1,061	997
Amount due from a director	*20*	N/A	12-month ECL	65,647	24,407	—
Amounts due from related companies	*21*	N/A	12-month ECL	20,389	20,949	149
Pledged bank deposits	*22*	A1 *(note iii)*	12-month ECL	—	9,778	8,445
Bank balances	*22*	A1 to A2 *(note iii)*	12-month ECL	8,259	7,376	17,166
Other items						
Contract assets	*19*	N/A	Lifetime ECL — not credt-impaired	813	390	574
Financial guarantee contracts *(note iv)*	*30*	N/A	12-month ECL	6,101	5,843	5,393
The Company						
Financial assets at amortised costs						
Bank balance	22	A2	12-month ECL	—	—	19

32. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes:

i. The estimated loss rates based on historical observed default rates over the expected life of the debtors and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and forward-looking information (for example, the current and forecasted economic growth rates in Hong Kong, the PRC and Macau, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

Debtors who are listed companies or subsidiaries of the listed companies, NGO debtors and debtors with aggregated outstanding balances exceeding HK$1,000,000 with gross carrying amounts in aggregate of HK$38,749,000, HK$90,510,000 and HK$123,951,000 as at 31 March 2020, 2021 and 2022, respectively, and relevant contract assets with gross carrying amount of approximately HK$46,000, HK$40,000 and HK$198,000 as at 31 March 2020, 2021 and 2022, respectively, were assessed individually.

During the year ended 31 March 2020, the Group provided net impairment allowance of HK$728,000 and HK$28,000, respectively for trade receivables and contract assets assessed based on the provision matrix. Net impairment allowance of approximately HK$201,000 and HK$1,000, respectively was provided for trade receivables and contract assets which are assessed individually during the year ended 31 March 2020. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

	Average loss rate	**Trade receivables**	**Contract assets**
	%	*HK$'000*	*HK$'000*
Current (not past due)	0.65	6,470	—
1-90 days past due	2.97	12,824	524
More than 90 days past due	11.83	7,902	243
		27,196	767

32. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: (Continued)

i. *(Continued)*

During the year ended 31 March 2021, the Group provided net impairment allowance of approximately HK$1,874,000 and net reversal of impairment allowance of approximately HK$15,000, respectively for trade receivables and contract assets assessed based on the provision matrix. Net impairment allowance of approximately HK$611,000 and HK$1,000 was provided for trade receivables and contract assets, respectively which are assessed individually during the year ended 31 March 2021. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix within lifetime ECL (not credit-impaired). As at 31 March 2021, the overall average loss rates increased due to the overall economic downward during the year end 31 March 2021 impacted by the outbreak of the novel coronavirus pandemic which increased the risk of default and offset by the increased recovery of debts expected by the international credit-rating agencies.

	Average loss rate	Trade receivables	Contract assets
	%	*HK$'000*	*HK$'000*
Current (not past due)	3.49	4,216	22
1-90 days past due	5.50	13,179	221
More than 90 days past due	13.23	8,823	107
		26,218	350

During the year ended 31 March 2022, the Group provided net reversal of impairment allowance of approximately HK$1,179,000 and HK$15,000, respectively for trade receivables and contract assets assessed based on the provision matrix. Net reversal of impairment allowance of approximately HK$1,683,000 and HK$1,000 were provided for trade receivables and contract assets, respectively which are assessed individually during the year ended 31 March 2022. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

	Average loss rate	Trade receivables	Contract assets
	%	*HK$'000*	*HK$'000*
Current (not past due)	0.25	6,141	110
1-90 days past due	0.68	17,352	87
More than 90 days past due	6.19	11,870	179
		35,363	376

32. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: (Continued)

ii. For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due	Not past due/no fixed repayment terms	Total
	HK$'000	*HK$'000*	*HK$'000*
Other receivables and deposits:			
At 31 March 2020	—	1,579	1,579
At 31 March 2021	—	1,061	1,061
At 31 March 2022	—	998	998

iii. External credit rating are from international credit-rating agency Moody's.

iv. For financial guarantee contracts as disclosed in note 31, the maximum amount that the Group has guaranteed under the respective contracts was approximately HK$6,101,000, HK$5,843,000 and HK$5,393,000, respectively, as at 31 March 2020, 2021 and 2022. At the end of each reporting period, the management of the Group has performed impairment assessment and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12-month ECL. Based on the assessment of the management, the ECL on financial guarantee contracts is insignificant in view of the loss given default in these contracts is insignificant as a result of the pledged properties by CSIL.

32. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach during the year ended 31 March 2020, 2021 and 2022.

	Trade receivables under lifetime ECL (credit-impaired)	Trade receivables under lifetime ECL (not credit-impaired)	Contract assets under lifetime ECL (not credit-impaired)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2019	342	941	14	1,297
Changes due to financial instruments recognised at 1 April 2019				
— net impairment loss reversed	—	(871)	(14)	(885)
New financial assets originated	—	1,800	43	1,843
Exchange adjustments	—	(2)	—	(2)
As at 31 March 2020	342	1,868	43	2,253
Changes due to financial instruments recognised at 1 April 2020				
— net impairment loss reversed	—	(1,778)	(43)	(1,821)
New financial assets originated	—	4,263	29	4,292
Written off	(342)	—	—	(342)
Exchange adjustments	—	12	—	12
As at 31 March 2021	—	4,365	29	4,394
Changes due to financial instruments recognised at 1 April 2021				
— net impairment loss reversed	—	(4,308)	(29)	(4,337)
New financial assets originated	—	1,446	13	1,459
Exchange adjustments	—	9	—	9
As at 31 March 2022	—	1,512	13	1,525

During the year ended 31 March 2020, 2021 and 2022, changes in the loss allowance for trade receivables are mainly due to settlement in full of trade debtors with gross carrying amount of approximately HK$46,418,000, HK$63,877,000 and HK$113,480,000, respectively and new trade receivables with gross carrying amount of approximately HK$59,409,000, HK$114,660,000 and HK$156,066,000 respectively.

32. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(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 following table details the Group's remaining contractual maturity for its financial liabilities and financial guarantee contracts. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and financial guarantee contracts based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities and financial guarantee contracts are based on the agreed repayment dates. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

32. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

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.

The Group	Effective interest rate	On demand	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flow	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2020								
Trade and other payables and accrued charges	N/A	—	106,554	—	—	—	106,554	106,554
Amount due to a former director of a subsidiary	N/A	17	—	—	—	—	17	17
Amounts due to related companies	N/A	593	—	—	—	—	593	593
Lease liabilities	5.1	—	1,025	1,264	1,680	—	3,969	3,797
Bank borrowings	3.9	49,680	—	—	—	—	49,680	49,680
Financial guarantee contracts	N/A	6,101	—	—	—	—	6,101	—
		56,391	107,579	1,264	1,680	—	166,914	160,641
As at 31 March 2021								
Trade and other payables and accrued charges	N/A	—	78,687	—	—	—	78,687	78,687
Amounts due to related companies	N/A	593	—	—	—	—	593	593
Lease liabilities	5.4	—	1,058	3,148	2,629	—	6,835	6,532
Bank borrowings	2.8	69,800	—	—	—	—	69,800	69,800
Financial guarantee contracts	N/A	5,843	—	—	—	—	5,843	—
		76,236	79,745	3,148	2,629	—	161,758	155,612
As at 31 March 2022								
Trade and other payables and accrued charges	N/A	—	74,866	—	—	—	74,866	74,866
Amounts due to related companies	N/A	593	—	—	—	—	593	593
Amount due to a director	N/A	2,419	—	—	—	—	2,419	2,419
Lease liabilities	5.4	—	1,204	1,462	678	—	3,344	3,250
Bank borrowings	2.5	77,008	—	—	—	—	77,008	77,008
Financial guarantee contracts	N/A	5,393	—	—	—	—	5,393	—
		85,413	76,070	1,462	678	—	163,623	158,136
The Company								
As at 31 March 2021								
Accrued charges	N/A	—	6,800	—	—	—	6,800	6,800
Amounts due to subsidiaries	N/A	13,943	—	—	—	—	13,943	13,943
		13,943	6,800	—	—	—	20,743	20,743
As at 31 March 2022								
Accrued charges	N/A	—	6,269	—	—	—	6,269	6,269
Amounts due to subsidiaries	N/A	21,456	—	—	—	—	21,456	21,456
		21,456	6,269	—	—	—	27,725	27,725

32. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

The amount included above for variable interest instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

Bank borrowings with a repayment on demand clause are included in the "On demand" time band in the above maturity analysis. As at 31 March 2020, 2021 and 2022, the aggregate carrying amounts of these bank borrowings were approximately HK$49,680,000, HK$69,800,000 and HK$77,008,000, respectively.

Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

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 borrowing agreement as set out in the table below:

	Weighted average effective interest rate	Less than 1 months	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings:								
As at 31 March 2020	3.9	28,504	18,132	2,901	448	—	49,985	49,680
As at 31 March 2021	2.8	31,068	21,605	4,925	7,969	7,125	72,692	69,800
As at 31 March 2022	2.5	18,307	28,326	17,976	6,627	9,342	80,578	77,008

Fair value measurements of financial instruments

Details of the financial assets at FVTPL are stated in note 16.

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

33. 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 statements of cash flows as cash flows from financing activities.

	Accrued [REDACTED]	Bank borrowings	Amount due to a director	Amount due to a former director of a subsidiary	Lease liabilities	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2019	—	26,623	—	35	2,870	29,528
Financing cash flows *(note)*	—	21,366	—	(16)	(3,080)	18,270
Interest expense	—	1,691	—	—	207	1,898
New lease entered/lease modified *(note 15)*	—	—	—	—	3,802	3,802
Exchange adjustments	—	—	—	(2)	(2)	(4)
At 31 March 2020	—	49,680	—	17	3,797	53,494
Financing cash flows *(note)*	(3,231)	18,295	—	(18)	(3,721)	11,325
Interest expense	—	1,825	—	—	268	2,093
New lease entered/lease modified *(note 15)*	—	—	—	—	6,185	6,185
[REDACTED] accrued	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Exchange adjustments	—	—	—	1	3	4
At 31 March 2021	1,683	69,800	—	—	6,532	78,015
Financing cash flows *(note)*	(1,582)	5,444	2,419	—	(4,821)	1,460
Interest expense	—	1,764	—	—	273	2,037
New lease entered/lease modified *(note 15)*	—	—	—	—	1,276	1,276
Termination of lease	—	—	—	—	(10)	(10)
[REDACTED] costs accrued	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
At at 31 March 2022	1,254	77,008	2,419	—	3,250	83,931

Note: The financing cash flows include the drawdown and repayments of bank borrowings, advance and repayment of amounts due to a director and a former director of a subsidiary, repayments of lease liabilities and related finance costs paid.

34. NON-CASH TRANSACTIONS

Saved as disclosed in note 21 to the Historical Financial Information, the Group has followings non-cash transactions during the Track Record Period.

During the year ended 31 March 2020 and 2021, dividend payables of HK$20,000,000 and HK$6,000,000, respectively, were settled through amount due from a director.

35. PARTICULARS IN SUBSIDIARIES

Particulars of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Shareholding/equity interest attributable to owners of the Company at 31 March 2020	2021	2022	date of report	Principal activities	*Notes*
Directly held:								
Multisoft BVI *(note (e))*	BVI 24 July 2020	HK$2	—	100%	100%	100%	Investment holding	(a)
TriTech BVI *(note (e))*	BVI 24 July 2020	HK$2	—	100%	100%	100%	Investment holding	(a)
Indirectly held:								
Multisoft	Hong Kong 18 December 2006	HK$10,000	100%	100%	100%	100%	Procurement of IT products and related provision of IT infrastructure solutions services and IT maintenance and support services	(b)
TriTech	Hong Kong 28 February 2014	HK$10,000	100%	100%	100%	100%	Distribution of IT products and related IT implementation services	(b)
MTS Group	Hong Kong 17 January 2012	HK$10,000	100%	100%	100%	100%	Investment holding	(b)
Multisoft (Macau) Limited ("Multisoft Macau")	Macau 4 December 2013	MOP25,000	100%	100%	100%	100%	Procurement of IT products	(a)
華譽中信科技(深圳)有限公司 ("Multisoft WFOE") *(note (d))*	The PRC 5 July 2012	HK$1,000,000	100%	100%	100%	100%	Procurement of IT products	(c)

Except for Multisoft WFOE, which adopted 31 December as its financial year end date, the Company and all other subsidiaries have adopted 31 March as their financial year end date.

35. PARTICULARS IN SUBSIDIARIES *(Continued)*

Notes:

(a) No audited financial statements of Multisoft BVI, TriTech BVI and Multisoft Macau have been prepared since its their respective date of incorporation as they were incorporated in the jurisdictions where there are no statutory audit requirements.

(b) We have acted as the statutory auditor of Multisoft, TriTech and MTS Group for the years ended 31 March 2020 and 2021. The statutory financial statements of these companies for the years ended 31 March 2020 and 2021 are prepared in accordance with HKFRSs issued by the HKICPA. The statutory financial statements of Multisoft, TriTech and MTS Group for the year ended 31 March 2022 are not due to issue.

(c) The statutory financial statements of Multisoft WFOE for the years ended 31 December 2019, 2020 and 2021 were prepared in accordance with the relevant accounting principles and financial regulations applicable to the enterprise established in the PRC. They were audited by 深圳中正銀合會計師事務所, certified public accountants registered in the PRC.

(d) Multisoft WFOE was established in the PRC in the form of wholly foreign-owned enterprise.

(e) The investment cost of Multisoft BVI and Tritech BVI by the Company with aggregate amount of approximately HK$15,061,000 is determined by the net assets value of Multisoft BVI and TriTech BVI on 31 July 2020, the date of acquisition.

36. AMOUNTS DUE TO SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

37. RESERVES OF THE COMPANY

	Share premium *HK$'000*	**Other reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 24 July 2020 (date of incorporation)	—	—	—	—
Loss and total comprehensive expense for the period	—	—	(15,829)	(15,829)
Issue of shares upon the transfer upon reorganisation *(note 2(ix))*	15,061	—	—	15,061
At 31 March 2021	15,061	—	(15,829)	(768)
Loss and total comprehensive expense for the year	—	—	(5,360)	(5,360)
Deemed distribution to the owner of the Company	—	(1,276)	—	(1,276)
At 31 March 2022	15,061	(1,276)	(21,189)	(7,404)

38. SUBSEQUENT EVENTS

Pursuant to the general meeting of all shareholders of the Company held on 4 August 2022, it was resolved, among other things, that:

— the Company has conditionally adopted a share option scheme, the principal terms of which are set out in the subsection headed "Share Option Scheme" in Appendix IV to the Document;

— the authorised share capital of the Company was increased to HK$100,000,000 divided into 10,000,000,000 shares of the Company of HK$0.01 each by the creation of an additional 9,999,000,000 shares of the Company;

— conditional further on the share premium account of the Company being credited with the [REDACTED] of the [REDACTED] (as defined in the Document), the directors of the Company were authorised to [REDACTED] an amount of HK$[REDACTED] standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par [REDACTED] shares for allotment and issue to the person(s) whose names appear on the register of members of the Company at the close of business on a date prior to the [REDACTED] (or as they may direct) in proportion (as nearly as possible without involving fractions) to its/their then existing shareholdings in the Company, each ranking pari passu in all respects with the then existing issued shares, and the aforesaid issue and allotment of shares was approved, and the directors of the Company were authorised to give effect to such [REDACTED] and issue and allotment of shares.

On 31 August 2022, the Company declared dividends of HK$4,000,000 to the then Shareholder. The rate of dividend and number of shares ranking for dividend are not presented as such information is not considered meaningful having regard to the purpose of this report.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 31 March 2022.