EFT Solutions Holdings Limited

俊盟國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8062

2017

Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lo Chun Kit Andrew
(Chairman and chief executive officer)
Mr. Lo Chun Wa

Non-executive Director

Ms. Lam Ching Man

Independent non-executive Directors

Mr. Lam Keung
Mr. Lui Hin Weng Samuel
Mr. Pang Victor Ho Man

COMPLIANCE OFFICER

Mr. Lo Chun Wa

COMPANY SECRETARY

Ms. Ng Wing Shan

AUTHORISED REPRESENTATIVES

Mr. Lo Chun Kit Andrew
Ms. Ng Wing Shan

AUDIT COMMITTEE

Mr. Lui Hin Weng Samuel *(Chairman)*
Mr. Lam Keung
Mr. Pang Victor Ho Man

REMUNERATION COMMITTEE

Mr. Pang Victor Ho Man *(Chairman)*
Mr. Lo Chun Kit Andrew
Mr. Lam Keung

NOMINATION COMMITTEE

Mr. Lo Chun Kit Andrew *(Chairman)*
Mr. Lam Keung
Mr. Pang Victor Ho Man

COMPLIANCE ADVISER

Lego Corporate Finance Limited
Room 1601, 16/F, China Building
29 Queen's Road Central
Hong Kong

HONG KONG LEGAL ADVISER

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

AUDITOR

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANK

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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28-36 Kwai Fung Crescent
Kwai Chung, New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street, P.O. Box 1350, Grand Cayman
KY1-1108, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8062

COMPANY WEBSITE

www.eftsolutions.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of the Company, I am very pleased to present the first audited annual results of the Group for the year ended 31 March 2017 after the successful listing of the shares of the Company (the "**Shares**") on the GEM of the Stock Exchange on 15 December 2016 (the "**Listing**").

BUSINESS REVIEW

The Group is a leading electronic fund transfer at point-of-sales ("**EFT-POS**") solution provider focusing on sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services in Hong Kong.

We position ourselves as the link between EFT-POS terminal manufacturers and acquirers (i.e. acquiring bank or payment processor that processes credit or debit card payments on behalf of a merchant) to provide total EFT-POS solutions including sourcing of EFT-POS terminals and peripheral devices services, together with developing software that comply with electronic payment standards acceptance certification, installation and ongoing maintenance and repair services of EFT-POS terminals and other related services. We also provide customised project-based software solution services. We provide sourcing of EFT-POS terminals and peripheral devices services to acquirers as well as merchants. Leveraging our experience in the electronic payment industry and our well-established business relationships with EFT-POS terminal and peripheral device manufacturers, we are able to recommend suitable EFT-POS solutions meeting the requirements of our customers.

During the year ended 31 March 2017, the Group continued its efforts in developing the sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services and maintained steady growth in revenue from sourcing of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services, while there was significant growth in software solution services. We expect there is great opportunity for growth in the software solution services and aim at promoting our expertise in integration of companies' retail management with point-of-sales systems to facilitate them in accessing timely payment transaction information for better business management.

LO CHUN KIT ANDREW
Chairman and Chief Executive Officer

Chairman's Statement

FUTURE OUTLOOK

The Listing of the Shares not only enables the Company to raise additional equity financing through the public offering ("**Public Offer**") and placing ("**Placing**") (as detailed in the prospectus of the Company dated 5 December 2016 (the "**Prospectus**")), but also raises the corporate profile of the Group. The enhanced corporate profile facilitates the Group in implementing its business strategies and the future plans as set forth in the Prospectus.

As payment technology is evolving rapidly, a quick response is needed from EFT-POS solution providers to adapt to the fast-paced payment technology movement which would require a larger system development team and specialists on acquiring host software so as to improve the business performance and to cope with large scale projects such as projects from the government. Further, with the recent introduction of mobile payment methods and new technologies such as Apple Pay, Android Pay, Alipay and WeChat offline payment, into Hong Kong, a rapid development of the mobile payment market is anticipated. Extra devices and peripheral devices will be required on top of existing EFT-POS terminals to process these mobile payment methods. As the EFT-POS terminal manufacturers are actively developing and upgrading their terminals so as to keep abreast of the fast-paced payment technology, new versions of EFT-POS terminals are emerging in the market incorporating the most cutting-edge payment technology. EFT-POS terminal distributors can therefore take advantage of the structural development of the payment market and approach acquirers and merchants for upgrading their older model EFT-POS terminals. These provide significant opportunities for the Group to expand our market share and strengthen our market position in Hong Kong's electronic payment industry by increasing our capabilities and offering diverse and high quality services.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express sincere gratitude to the management and all the staff of the Group for their hard work and dedication to the Group, as well as, the shareholders of the Company (the "**Shareholders**"), our customers and suppliers and all business partners for their trust and support to the Group.

Lo Chun Kit Andrew
Chairman and Chief Executive Officer

Hong Kong, 21 June 2017

Management Discussion and Analysis

BUSINESS REVIEW AND STRATEGY

During the year ended 31 March 2017, the Group continued its efforts in developing the sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services and maintained steady growth of approximately 15.9% in total revenue.

Our business objective is to maintain our position as the leading EFT-POS solution provider that focuses on providing total EFT-POS solutions including sourcing of EFT-POS terminals and peripheral devices services, together with developing software that comply with electronic payment standards acceptance certification, installation and ongoing maintenance and repair services of EFT-POS terminals and other related services. We plan to continue to expand our market share and strengthen our market position in Hong Kong. To achieve such objectives, we intend to implement our business strategies, which are to expand and diversify our business offering to increase revenue streams. Our strategies are aimed to promote the business opportunities in the following areas:

Acquiring host software services – to capture this market opportunity by leveraging our years of operating experience in the EFT-POS industry, together with the technical know-how and software development capabilities accumulated from developing electronic payment standards applications and software solution services in the past years to develop a tailored secure real-time transaction data gathering system or "acquiring host" software to fit the needs of local acquirers and merchants;

Food and beverage service providers – to promote and offer a wide range of EFT-POS terminals including "pay at table" devices with functionality and to develop tailored software that accommodate the different needs of food and beverage service providers so as to increase the number of "pay at table" devices for payment transactions used by the food and beverage service providers;

Public car parking systems – to introduce and promote a new generation of parking systems that accept EFT-POS terminals with features and functions that can out-perform the existing public parking systems; and

Taxi – to capture market opportunities by building stronger relationships with more taxi management companies and taxi owners in Hong Kong and with acquirers so as to promote our services and increase the number of taxis accepting credit and debit card payments.

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison between the Group's business objectives as set out in the Prospectus and actual business progress as at 31 March 2017:

Business objectives	**Actual business progress as at 31 March 2017**
Expansion of information technology workforce for total EFT-POS solutions	We have recruited two information technology staff to develop new models of EFT-POS terminals.
Enhancement of information technology and network system	We have upgraded our server to achieve higher security.
Expansion of office space for new headcount	We have renovated our office to accommodate new headcount.

USE OF PROCEEDS

The total net proceeds from the issue of new Shares under the Public Offer and Placing after deducting all related expenses was approximately HK$34.9 million, which are intended to be applied in the following manner:

- approximately 20.6%, or HK$7.2 million, will be used to expand our information technology workforce for total EFT-POS solutions;
- approximately 12.6%, or HK$4.4 million, will be used to expand our information technology workforce for acquiring host software services;
- approximately 12.6%, or HK$4.4 million, will be used to expand our business development workforce;
- approximately 1.4%, or HK$0.5 million, will be used to enhance our information technology and network system;
- approximately 4.6%, or HK$1.6 million, will be used for property improvements to accommodate new headcount;
- approximately 23.3%, or HK$8.1 million, will be used for potential future strategic acquisitions or arrangements to expand our product portfolio or increase our market share; and
- the remaining amount of approximately HK$8.7 million, representing approximately 24.9% of the net proceeds from the issue of new Shares under the Public Offer and Placing, will be used to provide funding for our working capital and other general corporate purposes.

Management Discussion and Analysis

Upon receipt of the proceeds, the actual use of the proceeds by the Group as at 31 March 2017 was as follow:

- approximately HK$0.1 million has been used to expand our information technology workforce for total EFT-POS solutions;
- approximately HK$0.1 million has been used to expand our business development workforce;
- approximately HK$0.1 million has been used to enhance our information technology and network system;
- approximately HK$0.1 million has been used for property improvements to accommodate new headcount; and
- the remaining balance of approximately HK$34.5 million is placed with a licensed bank in Hong Kong.

The Group has been actively exploring opportunities for strategic acquisitions to expand the Group. The Group intends to continue to apply the remaining net proceeds in accordance with the proposed applications set out above.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

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

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue principally represented income derived from sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services and software solutions services. Revenue of approximately HK$46.0 million and HK$53.3 million was recognised for the year ended 31 March 2016 and 2017, respectively, which represents a steady growth of approximately 15.9%.

For sourcing of EFT-POS terminals and peripheral devices, revenue of approximately HK$20.6 million and HK$23.8 million was recognised for the year ended 31 March 2016 and 2017, respectively, which represents a steady growth of approximately 15.5% due to increase in number of terminals sold.

For provision of EFT-POS system support services, revenue of approximately HK$24.4 million and HK$27.2 million was recognised for the year ended 31 March 2016 and 2017, respectively, which represents a mild growth of approximately 11.5%. Despite the increased competition in the industry and the slowdown of growth in the economy and private consumption in Hong Kong, we have achieved a steady growth of approximately 11% in the number of EFT-POS terminals covered by our system support services.

For provision of software solution services, revenue of approximately HK$1.0 million and HK$2.3 million was recognised for the year ended 31 March 2016 and 2017, respectively, which represents a significant growth of approximately 130.0% due to increase in number of software solution projects.

Costs of Goods Sold and Services

Costs of goods sold and services primarily consisted of costs of inventories recognised as expense, cost of independent service providers, tools and consumables, salaries and benefits, freight and transportation, rent and rates, local travelling and telephone and utilities expense. Costs of goods sold and services was approximately HK$25.3 million and HK$31.2 million for the year ended 31 March 2016 and 2017, respectively, which represented a significant increase of approximately 23.3% mainly due to increase in costs of inventories sold and costs of outsourcing services in accordance with the increase in revenue from sourcing of EFT-POS terminals and peripheral devices and EFT-POS system support services.

Gross Profit and Gross Profit Margin

The overall gross profit was approximately HK$20.7 million and HK$22.0 million for the year ended 31 March 2016 and 2017, respectively, which represented a mild increase of approximately 6.3%. And the overall gross profit margin for the year ended 31 March 2016 and 2017 was approximately 45.0% and 41.4%, respectively, which represented a slight decrease of approximately 3.6%. The reason for the decrease was that the Group sourced more EFT-POS peripheral devices to a customer which generated relatively higher profit margin in the previous year as compared to that in the current year.

Other Income

Other income mainly represented interest, rental and management fee income. Other income was approximately HK$0.2 million and HK$0.2 million for the year ended 31 March 2016 and 2017, respectively, which were relatively stable over the years.

Staff Costs

Staff costs of approximately HK$12.6 million and HK$15.6 million were recorded for the year ended 31 March 2016 and 2017, respectively, which represents an increase of approximately 23.8%. The increase was mainly due to the increase in directors' remuneration and number of senior staff and management to cope with the business expansion of the Group.

Listing Expenses

During the year ended 31 March 2016 and 2017, the Group recorded listing expenses of approximately HK$1.0 million and HK$13.1 million, respectively, in connection with the preparation for Listing. Total listing expenses were approximately HK$21.0 million, and part of these expenses of approximately HK$5.6 million was available for offsetting against the Company's equity reserves and approximately HK$1.3 million had been borne by Mr. Lo Chun Kit Andrew ("**Mr. Lo**"), the selling Shareholder.

Other Administrative Expenses

Other administrative expenses (excluding listing expenses and staff costs) comprised mainly depreciation, legal and professional fees and office expenses.

Other administrative expenses for the year ended 31 March 2016 and 2017 were approximately HK$2.1 million and HK$3.8 million, respectively, which represents a significant increase of approximately 81.0%. The increase was mainly due to the increase in audit fee of approximately HK$0.6 million, the increase in depreciation of approximately HK$0.2 million as a result of increased additions to furniture and equipment to cope with the business expansion of the Group and the increase in legal and professional fees of approximately HK$1.0 million to cope with the needs of compliance work as a result of the listing status.

Finance Cost

Finance cost represented interest expenses on bank borrowings. Finance cost of approximately HK$0.2 million and HK$0.2 million was recorded for the year ended 31 March 2016 and 2017, respectively and was relatively stable over the years.

Income Tax Expense

Income tax expense represents provision of Hong Kong Profits Tax at the rate of 16.5% for the estimated assessable profits for the year ended 31 March 2016 and 2017. Listing expenses are not deductible for tax purpose.

(Loss) Profit for the Year

The Group recorded profit for the year of approximately HK$13.3 million for the year ended 31 March 2016 and loss of approximately HK$1.3 million for the year ended 31 March 2017. By excluding the effect of the one-off non-recurring listing expenses of approximately HK$1.0 million and HK$13.1 million for the year ended 31 March 2016 and 2017, respectively, the Group would have recorded profit after tax of approximately HK$14.3 million and HK$11.8 million for the year ended 31 March 2016 and 2017, respectively.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

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

The Group has remained at a sound financial resource level. As at 31 March 2017, the Group had net current assets of approximately HK$56.8 million (2016: approximately HK$9.8 million) including cash and cash equivalents of approximately HK$4.2 million and HK$46.4 million, respectively, as at 31 March 2016 and 2017.

As at 31 March 2017, the gearing ratio (calculated on the basis of total bank borrowings divided by the total equity as at the end of the year) of the Group was approximately 0.54% (2016: approximately 79.5%). Details of the borrowings of the Group is disclosed in Note 23 to the consolidated financial statements.

PLEDGE OF ASSETS

As at 31 March 2017, the Group did not have any pledged assets (2016: Nil).

As at 31 March 2017, the Group's bank borrowing was previously guaranteed by Mr. Lo and secured by a property of Mr. Lo and these have been replaced by a corporate guarantee on the date of Listing.

As at 31 March 2016, the Group's bank borrowings were wholly guaranteed by Mr. Lo and his spouse, Ms. Lam Ching Man ("**Ms. Lam**") (collectively the "**Lo's Family**") and Affinity Corporation Limited ("**Affinity**"), a company wholly owned by Mr. Lo, and secured by several properties of Lo's Family and those loans were either fully paid or taken up by Mr. Lo during the year ended 31 March 2017. The details of this arrangement has been disclosed in the Accountants' Report set out in the Appendix I to the Prospectus.

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any significant capital commitment (2016: Nil).

During the year ended 31 March 2015, the Group entered into a cross guarantee agreement with a bank to provide a corporate guarantee amounting to approximately HK$6.9 million with respect to banking facilities granted to a related company, Affinity. As at 31 March 2016, the total amount of banking facilities utilised by Affinity of which guarantee was provided by the Group amounted to approximately HK$2.4 million. The utilised banking facilities of approximately HK$2.4 million as at 31 March 2016 represented a mortgage loan borrowed by Affinity for a property owned by Mr. Lo and Mr. Lo Chun Wa in June 2015. Such mortgage loan was taken up by Mr. Lo during the year ended 31 March 2017 and hence, the guarantee provided by the Group to Affinity also ceased accordingly.

As at 31 March 2017, the Group did not have any significant contingent liability.

CAPITAL STRUCTURE

The Company's Shares were successfully listed on the GEM on 15 December 2016. There has been no change in the Company's capital structure since 15 December 2016. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

SEGMENTAL INFORMATION

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

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS

Save for the corporate reorganisation between May to June 2016 (the "**Reorganisation**") during the year ended 31 March 2017, the Group did not have any material acquisition and disposal. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" of the Prospectus.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group employed 57 (2016: 67) full time employees (including executive Directors). We determine the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses.

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for investment in its subsidiaries by the Company, the Group did not have any significant investments held as at 31 March 2017. Save as disclosed in the Prospectus or otherwise in this annual report, the Group does not have any plans for material investments or capital assets as at 31 March 2017.

OUTLOOK

We will strive our best effort to achieve business growth, we aim to further expand our market share and strengthen our market position in Hong Kong's electronic payment industry by increasing our capabilities and offering diverse and high quality services.

The Group will continue to identify suitable investments, acquisitions and project opportunities in order to enhance the value of the Company and create higher returns for the Shareholders.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lo Chun Kit Andrew, aged 42, was appointed as the chairman of the Board ("**Chairman**"), an executive Director and the chief executive officer ("**CEO**") of the Company in June 2016. Mr. Lo is also the chairman of the Nomination Committee. He is one of the founders of the Group and has been appointed as a director of EFT Solutions Limited ("**EFT**"), a wholly-owned subsidiary of the Company, since August 2008. Mr. Lo is currently responsible for supervising the overall corporate strategic planning, business development and major decision-making of the Group as well as the daily operation and management of the Group. Mr. Lo obtained a bachelor's degree in science from The University of Western Ontario in Canada in June 1996. Mr. Lo is experienced in electronic payment solutions having over 19 years of experience in the industry with 9 years accumulated in Ingenico International (Pacific) Pty Limited responsible for electronic payment solution development in Hong Kong and for taxi industry in New York, the United States; and 1 year in Hang Seng Bank Limited (stock code: 0011) responsible for credit card payment support services for merchants in Hong Kong and Macau. Mr. Lo is the spouse of Ms. Lam and the eldest brother of Mr. Lo Chun Wa. The remuneration of Mr. Lo was adjusted to HK$200,000 per month with effect from June 2017.

Mr. Lo Chun Wa, aged 33, was appointed as an executive Director of the Company in June 2016. Mr. Lo Chun Wa has worked as the customer service manager of EFT since April 2009 and has been repositioned to chief procurement and logistics officer since January 2017. Mr. Lo Chun Wa is currently responsible for formulating the overall corporate strategic planning, business development and major decision-making of the Group as well as the daily operation and management of procurement and logistics division and warehousing of the Group. Mr. Lo Chun Wa is experienced in electronic payment solutions with over 10 years of experience in customer service and service maintenance aspects. Mr. Lo Chun Wa is the youngest brother of Mr. Lo and the brother-in-law of Ms. Lam. The remuneration of Mr. Lo Chun Wa was adjusted to HK$52,000 per month with effect from January 2017.

NON-EXECUTIVE DIRECTOR

Ms. Lam Ching Man, aged 42, was appointed as a non-executive Director of the Company in June 2016. Ms. Lam was appointed as a director of EFT for the periods from June 2005 to August 2008 and from April 2013 to February 2015, respectively. Ms. Lam is currently responsible for formulating the overall corporate strategic planning and major decision-making of the Group as well as supervising the administration of the Group. Ms. Lam completed her secondary education in July 1993. Ms. Lam has over 10 years of experience in administrative function. Ms. Lam is the spouse of Mr. Lo, and the sister-in-law of Mr. Lo Chun Wa.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Keung ("Mr. Lam"), aged 44, was appointed as an independent non-executive Director of the Company in November 2016. Mr. Lam is currently responsible for supervising and providing independent judgment to the Board. Mr. Lam obtained a bachelor's degree in electrical engineering from the University of Tennessee in the United States in December 1993. Mr. Lam possesses over 21 years of experience in integrated circuit and semi-conductor industry. Mr. Lam is experienced in marketing and sales of electronic products and related solutions.

Mr. Lui Hin Weng Samuel ("Mr. Lui"), aged 42, was appointed as an independent non-executive Director of the Company in November 2016. Mr. Lui is currently responsible for supervising and providing independent judgment to the Board. Mr. Lui obtained a bachelor's degree in accountancy from Nanyang Technological University in Singapore in July 1998. Mr. Lui has been a member of the Institute of Singapore Chartered Accountants (previously known as the Institute of Certified Public Accountants of Singapore) since October 2002. Mr. Lui has about 18 years of experience in capital markets, investment banking, private equity, financial and risk management, compliance and auditing.

Directors and Senior Management

Mr. Pang Victor Ho Man ("Mr. Pang"), aged 37, was appointed as an independent non-executive Director of the Company in November 2016. Mr. Pang is currently responsible for supervising and providing independent judgment to the Board. Mr. Pang graduated from the University of Hong Kong (Hong Kong) in November 2001 with a bachelor's degree in laws, and subsequently obtained a master degree in business administration from Tsinghua University in Beijing, the People's Republic of China in July 2015. Mr. Pang is a practising solicitor in Hong Kong and has accumulated over 10 years of experience in legal practice. He was admitted to practice law as a solicitor in Hong Kong in August 2004. Mr. Pang has been a partner and a practising solicitor of Zhong Lun Law Firm since March 2015. Prior to that, Mr. Pang also practised with Herbert Smith Freehills and Reed Smith LLP.

SENIOR MANAGEMENT

Ms. Chan Sze Wan Stephenie ("Ms. Chan"), aged 42, is the chief financial officer. Ms. Chan joined the Group in November 2015. Ms. Chan is responsible for overseeing the finance functions of the Group and assisting the Group in strategic planning, internal control, investor relations, corporate governance and regulatory compliance. Ms. Chan obtained a master's degree in arts majoring in international accounting and a master's degree in science majoring in finance, respectively, from City University of Hong Kong, in November 2005 and November 2007, respectively. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants. Ms. Chan possesses over 17 years of experience in the accounting and auditing industry accumulated from working for various international accounting firms.

Mr. Lee Ka Ming Kelvin ("Mr. Lee"), aged 42, is the chief operation officer. Mr. Lee was appointed as a director of EFT since its incorporation in February 2004 until December 2006. Mr. Lee re-joined the Group as chief operation officer in July 2015. Mr. Lee is responsible for daily management and supervision of customer and technical service provision of the Group. Mr. Lee obtained a bachelor's degree in science majoring in marketing from University of Wales in the United Kingdom in November 2009. Mr. Lee is experienced in electronic payment solutions having over 17 years of experience in the industry with 8 years accumulated in Ingenico International (Pacific) Pty Limited responsible for supervising customer service provision to bank customers and 8 years in Hang Seng Bank Limited (stock code: 0011) responsible for providing credit card transaction support to merchants and handling disputes from cardholders in relation to credit card transactions.

Mr. Chan Wai To ("Mr. Chan"), aged 40, is the chief information officer. Mr. Chan worked as an engineer in EFT from February 2005 to June 2007, responsible for providing technical support to customers and re-joined the Group as chief information officer in September 2015. Mr. Chan obtained a bachelor's degree in science majoring in computer science and a master of philosophy degree in computer science, respectively, from The Chinese University of Hong Kong in December 1999 and October 2001, respectively. Mr. Chan is responsible for planning and overseeing electronic payment software development and technical support. Mr. Chan is experienced in electronic payment and software solutions having over 11 years of experience in the industry with 7 years accumulated in Hang Seng Bank Limited (stock code: 0011) responsible for developing new technical products or solutions for merchant business development.

Directors and Senior Management

Mr. Cheung Chun Bong ("Mr. Cheung"), aged 39, is the senior manager of the procurement and logistics function. Mr. Cheung joined the Group as the project manager of EFT in April 2009. In February 2016, Mr. Cheung was appointed as the chief procurement and logistics officer and subsequently re-positioned to senior manager in January 2017. Mr. Cheung is responsible for managing the logistics of delivery of payment terminals and repair of payment terminals. Mr. Cheung obtained a bachelor's degree in science majoring in electrical and electronic engineering from University of Glamorgan in Wales, the United Kingdom in June 1999. Mr. Cheung is experienced in electronic payment solutions having over 12 years of experience in the industry with 3 years accumulated in Ingenico International (Pacific) Pty Limited responsible for payment terminals maintenance support.

Mr. Cheung Chung Ching, aged 31, is the project manager. Mr. Cheung Chung Ching joined the Group as a project development engineer (programmer) of EFT in October 2009. In February 2016, Mr. Cheung Chung Ching was appointed as the project manager. Mr. Cheung Chung Ching is responsible for overseeing system support and software solution services projects. Mr. Cheung Chung Ching obtained a bachelor's degree in engineering majoring in computer engineering from the Hong Kong University of Science and Technology in November 2009. Mr. Cheung Chung Ching possesses over 7 years of experience in electronic payment and software solutions.

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

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

COMPANY SECRETARY

Ms. Ng Wing Shan ("Ms. Ng"), was appointed as the company secretary of the Company in June 2016. Ms. Ng is the assistant vice president of SW Corporate Services Group Limited, and is responsible for assisting listed companies in professional company secretarial work. She has over 10 years of professional experience in the company secretarial field, and currently serves as a company secretary of several listed companies in Hong Kong. Ms. Ng is a fellow member of The Hong Kong Institute of Chartered Secretaries and of The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Ng is not an employee of the Company and she provides services to the Company as an external service provider.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in emphasising a quality board of directors, sound internal control, transparency and accountability with a view to safeguard the interests of all the Shareholders. The Board has adopted the principles and the code provisions of Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established an Audit Committee, a Nomination Committee and a Remuneration Committee with specific written terms of reference. During the period from the date of the Listing and up to the date of this report, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules except for the deviation from code provision A.2.1 as detailed below.

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

The Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstances. Notwithstanding the above, the Board believes that the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high-caliber individuals, with three of them being independent non-executive directors.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions (the "**Model Code**") by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, all Directors have complied with the Model Code since the date of Listing and up to the date of this report.

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

BOARD OF DIRECTORS

Composition

The Directors since the date of Listing and up to the date of this report were:

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

Non-executive Director
Ms. Lam Ching Man

Independent non-executive Directors
Mr. Lam Keung
Mr. Lui Hin Weng Samuel
Mr. Pang Victor Ho Man

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

Biographies of the Directors are set out in the section "Directors and Senior Management" of this annual report. With the various experience of the Directors and the nature of the Group's business, the Board considers that the Directors have a balance of skills and experience for the business of the Group.

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

Responsibilities

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

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

Appointments, Re-election and Removal

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

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

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

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

Continuous Professional Development

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development ("**CPD**") to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

During the year ended 31 March 2017, all the Directors have participated in continuous professional development and the relevant details are set out below:

Name of Directors	CPD Participation Yes/No
Executive Directors	
Mr. Lo Chun Kit Andrew *(Chairman and CEO)*	Yes
Mr. Lo Chun Wa	Yes
Non-executive Director	
Ms. Lam Ching Man	Yes
Independent non-executive Directors	
Mr. Lam Keung	Yes
Mr. Lui Hin Weng Samuel	Yes
Mr. Pang Victor Ho Man	Yes

Participation in CPD includes attending seminars, reading relevant materials in relation to the business of the Group, directors' duties, latest development of the GEM Listing Rules and other applicable regulatory requirements.

BOARD COMMITTEES

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

Audit Committee

The Audit Committee was established on 23 November 2016 in compliance with Rule 5.28 of the GEM Listing Rules. As at 31 March 2017, the Audit Committee comprised three independent non-executive Directors, namely Mr. Lui, Mr. Lam and Mr. Pang. Mr. Lui is the chairman of the Audit Committee.

Written terms of reference in compliance with code provision C.3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. It is the Board's responsibility to ensure that an effective internal control and risk management framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group's management to the Audit Committee. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control and risk management systems of the Group. Besides, the Audit Committee reviews and monitors the Company's compliance with its whistleblowing policy. Pursuant to the terms of reference of the Audit Committee, meetings shall be at least twice every year or more frequently if circumstances require.

During the year ended 31 March 2017, the Audit Committee has reviewed the quarterly results of the Group for the nine months ended 31 December 2016. As at the date of this report, the Audit Committee has also reviewed the audited annual results of the Group for the year ended 31 March 2017. The Audit Committee was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

Remuneration Committee

The Remuneration Committee has been established on 23 November 2016. As at 31 March 2017, the Remuneration Committee comprised Mr. Pang (an independent non-executive Director), Mr. Lo (an executive Director) and Mr. Lam (an independent non-executive Director). Mr. Pang is the chairman of the Remuneration Committee.

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

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

The remuneration of the senior management of the Group by band for the year ended 31 March 2017 is set out below:

Remuneration bands	**Number of senior management**
HK$100,001 to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	2

Nomination Committee

The Nomination Committee has been established on 23 November 2016. As at 31 March 2017, the Nomination Committee comprised Mr. Lo (an executive Director), Mr. Lam (an independent non-executive Director) and Mr. Pang (an independent non-executive Director). Mr. Lo is the chairman of the Nomination Committee.

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

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

Corporate Governance Function

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

The Board's responsibility in this regard includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Attendance Records of Meetings

The attendance of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meeting and Nomination Committee meeting and general meeting during the year is set out in the following table:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
Number of meetings held during the year	2	1	Nil	Nil	Nil
Name of Directors	**Number of meetings attended/Number of meetings entitled to attend**				
Executive Directors					
Mr. Lo Chun Kit Andrew	2/2	–	–	–	–
Mr. Lo Chun Wa	2/2	–	–	–	–
Non-executive Director					
Ms. Lam Ching Man	2/2	–	–	–	–
Independent non-executive Directors					
Mr. Lam Keung	2/2	1/1	–	–	–
Mr. Lui Hin Weng Samuel	2/2	1/1	–	–	–
Mr. Pang Victor Ho Man	2/2	1/1	–	–	

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2017, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditor's Remuneration

During the year ended 31 March 2017, the remuneration paid or payable to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, in respect of their audit and non-audit services was as follows:

	HK$
Audit services	800,000
Non-audit services	1,687,000
Total	2,487,000

The remuneration for non-audit services represents the professional services as reporting accountants of the Company for the Listing.

COMPANY SECRETARY

Ms. Ng has been appointed as the company secretary of the Company in June 2016. Biography of her is set out in the section "Directors and Senior Management" of this annual report. During the year ended 31 March 2017, Ms. Ng has confirmed that she has taken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules. Ms. Ng's primary contact with the Company is Ms. Chan, the chief financial officer of the Company.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

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

The Group regards periodic review of internal control system as an important part of the Board's oversight function. The Group has not set up an internal audit function, however, the Group has engaged an external consultant, Moore Stephens Advisory Services Limited, to conduct review on the internal control system of the Group. The review shall be conducted once every year. During the year ended 31 March 2017, a review has been conducted and the Directors considered the internal control system of the Group to be effective and adequate.

SHAREHOLDERS' RIGHTS

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

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

Procedures for a Shareholder of the Company to propose a person for election as a Director

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

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

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served at the Company's principal place of business in Hong Kong at Workshops B1 & B3, 11/F Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong or at the Company's Hong Kong share registrar, Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong, including (i) a notice signed by the Shareholder for which such notice is given of his/her intention to propose a candidate for election; and (ii) a notice signed by the proposed candidate of the candidate's willingness to be elected together with (a) that candidate's information as required to be disclosed under Rule 17.50(2) of the GEM Listing Rules, and (b) the candidate's written consent to the publication of his/her personal data.

Procedures for raising enquiries

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

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include (i) the publication of quarterly, interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of GEM and the Company; (iv) the Company's website offering communication channel between the Company and its stakeholders; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

Change in Constitutional Documents

The Company had passed special resolution on 23 November 2016 to adopt an amended and restated memorandum and articles of association which came into effective from the date of Listing. Save as the above mentioned, there were no significant changes in the constitutional documents of the Company for the year ended 31 March 2017.

Report of Directors

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2017.

LISTING ON THE GEM OF THE STOCK EXCHANGE AND REORGANISATION

The Company was incorporated in the Cayman Islands on 26 May 2016 as an exempted company with limited liability. In preparation for the Listing of the Company's Shares on GEM of the Stock Exchange by way of Public Offer and Placing of 120,000,000 Shares of HK$0.01 each, the Group underwent the Reorganisation in 2016.

Pursuant to the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" of the Prospectus. On 15 December 2016, the Shares were listed on GEM of the Stock Exchange.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's principal subsidiaries are set out in Note 31 to the consolidated financial statements.

BUSINESS REVIEW

Detailed business review is set out in the section headed "Management Discussion and Analysis" of this annual report on page 6. Future development of the Company's business is set out in the section headed "Chairman's Statement" of this annual report on page 5.

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

An analysis of the Group's performance during the year using financial KPIs is provided in the section "Financial Review" on pages 9 to 10 of this annual report and in Note 7 to the consolidated financial statements of the Company.

PRINCIPAL RISK AND UNCERTAINTIES

Details of principal risks and uncertainties is set out in the section headed "Management Discussion and Analysis" of this annual report on page 8.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 March 2017 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements from pages 51 to 95 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 March 2017 (2016: HK$15,100,000).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 August 2017 to 8 August 2017, both dates inclusive, during which period no transfer of Shares could be registered for determination of entitlement of the Shareholders to the attendance at the forthcoming annual general meeting of the Company to be held on 8 August 2017 (the "**AGM**").

In order to qualify for attending and voting in the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong no later than 4:30pm on Wednesday, 2 August 2017.

DEED OF NON-COMPETITION

The Deed of Non-Competition dated 23 November 2016 (as defined in the Prospectus) became effective from the date of Listing. The Controlling Shareholders (as defined in the Prospectus) have confirmed that, save as disclosed in this annual report, at any time during the year ended 31 March 2017, they have not whether as principal or agent and whether undertaken directly or indirectly (including through any close associate, subsidiary, partnership, joint venture or other contractual arrangement of theirs) and whether for profit or otherwise, carry on, participate or be interested, engage or otherwise be involved in or acquire or hold shares or interests in any business which is in competition, directly or indirectly, or is likely to be in competition, directly or indirectly, with the business referred to in the Prospectus that is carried on by the Group in Hong Kong, Macau and such other territories that the Group may conduct or carry on business from time to time, including but not limited to the sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services, and development of project-based software solution services in Hong Kong and Macau. The Controlling Shareholders have also confirmed that they have fully complied with the undertakings contemplated under the deed of non-competition during the year ended 31 March 2017.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-Competition for the year ended 31 March 2017. The independent non-executive Directors have reviewed the Controlling Shareholders compliance with the Deed of Non-Competition for the year ended 31 March 2017.

THREE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last three financial years, as extracted from the audited consolidated financial statements and the Prospectus of the Company, is set out on page 96 of this annual report. This summary does not form part of the audited consolidated financial statements of the Company.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 24 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in pages 53 and 95 respectively of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2017, the Company's reserves available for distribution to the Shareholders amounted to approximately HK$9,990,000 (2016: approximately HK$11,285,000).

PRE-EMPTIVE RIGHTS

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

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

The Shares were first listed on GEM of the Stock Exchange on 15 December 2016. During the period from 15 December 2016 to 31 March 2017 and up to the date of this report, save for the Reorganisation, Public Offer and Placing disclosed in the Prospectus, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer contributed 28.2% of the total revenue for the year while the Group's five largest customers accounted for 66.7% of the total revenue for the year.

The Group's largest supplier contributed 21.3% of the total cost of goods and services for the year while the Group's five largest suppliers accounted for 71.1% of the total cost of goods and services for the year.

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

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then Shareholders on 23 November 2016 (the "**Share Option Scheme**"). No share option has been granted pursuant to the Share Option Scheme since its adoption.

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

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

Eligible participants of the Share Option Scheme include:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any Directors (including non-executive Directors and independent non executive Directors) of the Company or any of its subsidiaries;

(iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and

(iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:

(aa) contribution to the development and performance of the Group;

(bb) quality of work performed for the Group;

(cc) initiative and commitment in performing his/her duties; and

(dd) length of service or contribution to the Group.

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 48,000,000 Shares, representing 10% of the issued share capital of the Company. The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled (the "**Cancelled Shares**") to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular and the approval of the Shareholders in general meeting.

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

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

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant of the Options; and

(iii) the nominal value of a Share.

Report of Directors

DIRECTORS

The Directors during the year ended 31 March 2017 and up to the date of this report were:

Executive Directors

Mr. Lo Chun Kit Andrew *(Chairman and CEO) (appointed on 26 May 2016)*
Mr. Lo Chun Wa *(appointed on 17 June 2016)*

Non-executive Director

Ms. Lam Ching Man *(appointed on 17 June 2016)*

Independent non-executive Directors

Mr. Lam Keung *(appointed on 23 November 2016)*
Mr. Lui Hin Weng Samuel *(appointed on 23 November 2016)*
Mr. Pang Victor Ho Man *(appointed on 23 November 2016)*

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of the Directors and senior management are set out in the section "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the date of Listing subject to early removal from office, retirement and re-election provisions in accordance with the Articles. One non-executive Director has entered into a service agreement with the Company for an initial term of three years commencing from the date of Listing. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from the date of Listing subject to early removal from office, retirement and re-election provisions in accordance with the Articles.

None of the Directors (including those proposed for re-election at the forthcoming annual general meeting) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

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

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

As at 31 March 2017, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Interests in the shares of the Company

			Long position	
Name	**Capacity**	*Note*	**Number of ordinary Shares**	**Percentage of total number of issued Shares**
Mr. Lo	Interest in a controlled corporation	*1*	360,000,000	75%
Ms. Lam	Interest of spouse	*2*	360,000,000	75%

Notes:

1. Mr. Lo is interested in the entire issued share capital of LCK Group Limited ("**LCK**") and he is therefore deemed to be interested in the Shares held by LCK by virtue of the SFO.

2. Ms. Lam is the spouse of Mr. Lo and she is therefore deemed to be interested in the Shares held by Mr. Lo by virtue of the SFO.

Save as disclosed above, as at 31 March 2017, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2017, to the knowledge of the Directors, Shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

			Long position	
Name	**Capacity**	*Note*	**Number of ordinary Shares**	**Percentage of total number of issued Shares**
LCK	Beneficial owner	*1*	360,000,000	75%

Note:

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

Save as disclosed above, as at 31 March 2017, to the knowledge of the Directors, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the year ended 31 March 2017 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above and in the section "Share Option Scheme" of this annual report, at no time during the year ended 31 March 2017 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 30 to the consolidated financial statements of this annual report, there were no other transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the year ended 31 March 2017, there had been no contract of significance between the Company or any of its subsidiaries and a Controlling Shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 March 2017 are set out in Note 30 to the consolidated financial statements of this annual report. Save as mentioned in the section "Continuing Connection Transactions" as below, other related party transactions constituted exempted from connected transactions and continuing connected transactions under Chapter 20 of the GEM Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2017, certain transactions entered into by the Group with the connected persons (as defined below) constituted non-exempt continuing connected transactions of the Group under Chapter 20 of the GEM Listing Rules are as follows:

Non-exempt continuing connected transactions	**Connected Persons**	**Annual cap**	**Actual amount for the year ended 31 March 2017**	*Note*
Lease of warehouse, repair centre and office	Mr. Lo	HK$1,476,000 for (i), (ii) & (iii)	HK$792,000	*(i)*
Lease of office and carpark	Ms. Lam		HK$324,000	*(ii)*
Lease of warehouse	Mr. Lo and Mr. Lo Chun Wa		HK$360,000	*(iii)*
Sales EFT-POS terminals and peripheral devices and provision of EFT-POS system support services	EFT Payments (Asia) Limited ("**EFT Payments**")	HK$5,000,000	HK$4,456,000	*(iv)*

Mr. Lo is the controlling shareholder and a Director of the Company. Ms. Lam is a Director of the Company and the spouse of Mr. Lo. Mr. Lo Chun Wa is a Director of the Company and brother of Mr. Lo. Mr. Lo, Ms. Lam and Mr. Lo Chun Wa (collectively, the "**Connected Persons**") are regarded as the connected persons of the Company under the GEM Listing Rules.

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

(i) On 17 June 2016, EFT, a wholly-owned subsidiary of the Company, (as tenant) and Mr. Lo (as landlord) entered into tenancy agreements, pursuant to which EFT Solutions agreed to rent the certain properties for a term commencing on 1 July 2016 and expiring on 31 March 2019 (both days inclusive) for a deposit of HK$132,000 at an aggregate monthly rent of HK$66,000 (comprising HK$36,000 monthly rent for Workshop A3, 1/F, Yip Fung Industrial Building, Nos. 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong and HK$30,000 monthly rent for Workshop B1, 11/F, Yip Fung Industrial Building, Nos. 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong) (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.

(ii) On 17 June 2016, EFT Solutions (as tenant) and Ms. Lam (as landlord) entered into tenancy agreements, pursuant to which EFT Solutions agreed to rent certain properties for a term commencing on 1 July 2016 and expiring on 31 March 2019 (both days inclusive) for a deposit of HK$54,000 at an aggregate monthly rent of HK$27,000 (comprising HK$22,500 monthly rent for Workshop B3, 11/F, Yip Fung Industrial Building, Nos. 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong and HK$4,500 monthly rent for carpark V2, G/F, Yip Fung Industrial Building, Nos. 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong) (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.

(iii) On 17 June 2016, EFT Solutions (as tenant) and Mr. Lo and Mr. Lo Chun Wa (jointly as landlord) entered into a tenancy agreement, pursuant to which EFT Solutions agreed to rent a property for a term commencing on 1 July 2016 and expiring on 31 March 2019 (both days inclusive) for a deposit of HK$60,000 at an aggregate monthly rent of HK$30,000 for Workshop A1, 4/F, Yip Fung Industrial Building, Nos. 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.

(iv) On 17 June 2016, the Company entered into a master supply and services agreement (the "**Master Supply and Services Agreement**") (as supplemented and amended on 14 November 2016) with EFT Payments, a company wholly-owned by Mr. Lo, pursuant to which the Group agreed to (i) sell and EFT Payments agreed to purchase EFT-POS terminals and peripheral devices in accordance with the specifications and at the purchase price set out in each individual purchase order (the "**Purchase Order**") as may from time to time be offered by EFT Payments and accepted by the Group; and (ii) provide EFT-POS system support services to EFT Payments with effect from the date of the Listing. EFT-POS system support services comprise of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments. The Group also provides hotline services and merchant training. The terms of the Master Supply and Services Agreement has been commenced since the date of the Listing and will expire on 31 March 2019. Either party may terminate the Master Supply and Services Agreement by serving a notice of not less than three months to the other. The purchase price in each Purchase Order placed by EFT Payments to the Group shall be determined after arm's length negotiations between EFT Payments and the Group from time to time with reference to the then prevailing market price of similar products in the market and that in any event shall be no less favourable to the Group than that offered to independent third parties by the Group. The monthly system support fee payable by EFT Payments to the Group is based on the number of terminals deployed by EFT Payments multiplied by a system support fee which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates and that in any event shall be no less favourable to the Group than that offered to Independent Third Parties by the Group. The monthly system support fee is payable in arrears within 30 days of the invoice issued by the Group on the first day of each and every successive calendar month.

Review of Continuing Connected Transactions by Independent Non-Executive Directors

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

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(3) according to the Agreements governing them on the terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Assurance Engagement on Continuing Connected Transactions

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

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

(1) have not been approved by the Board;

(2) were not, in all material respects, in accordance with the pricing policies of the Group;

(3) were not entered into, in all material respects, in accordance with the Agreements governing the transactions; and

(4) have exceeded the cap.

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

CORPORATE GOVERNANCE

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS AND RELATIONSHIPS WITH KEY SHAREHOLDERS

The Company has complied with all applicable laws and regulations in all material respects and maintained good relationship with its customers, suppliers, employees and investors. During the year ended 31 March 2017, there were no material and significant dispute between the Group and its employees, customers and/or suppliers.

COMPLIANCE ADVISER'S INTERESTS

As notified by Lego Corporate Finance Limited ("**Lego**"), compliance adviser of the Company, neither Lego nor any of its close associates and none of the directors or employees of Lego had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this report.

PERMITTED INDEMNITY PROVISIONS

At no time during the year ended 31 March 2017 and up to the date of this report was there any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise), or an associated company (if made by the Company).

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

EMOLUMENT POLICY

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

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

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the Directors' remuneration and the five highest paid individuals for the year ended 31 March 2017 are set out in Note 13 to the consolidated financial statements of this annual report.

CHARITABLE DONATIONS

During the year ended 31 March 2017, the Group has not made any charitable donations.

PUBLIC FLOAT

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

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

AUDITOR

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

There has been no change of auditor of the Company since the date of Listing.

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

Hong Kong, 21 June 2017

Environmental, Social and Governance Report

We are pleased to present our first annual Environmental, Social and Governance ("**ESG**") report of the Group. This report is prepared in accordance with the requirements set forth in the ESG Reporting Guide as set out in Appendix 20 to the GEM Listing Rules, this report presents our major ESG policies, initiatives and performance of the Group for the year ended 31 March 2017 (the "**Reporting Period**").

SCOPE OF REPORT

This report covers the Group's principal businesses which represent our income sources from sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services and software solution services.

MATERIALITY ASSESSMENT

Following the discussion with our senior management and operational staff, we have identified the ESG issues relevant to the Group, the identified ESG issues have been assessed by considering their importance to our stakeholders as well as the Group. The ESG issues considered to be material are listed below:

ESG aspects as set forth in the ESG Reporting Guide			**Material ESG issues**
A.	**Environmental**		
	A1	Emissions	Carbon emissions and waste management
	A2	Use of resources	Electricity and paper consumption
	A3	The environment and natural resources	Measures in reducing environmental impact
B.	**Social**		
	B1	Employment	Labour practices
	B2	Health and safety	Workplace health and safety
	B3	Development and training	Staff development and training
	B4	Labour standards	Anti-child and forced labour
	B5	Supply chain management	Supplier management
	B6	Product responsibility	Product and service responsibility, quality assurance, customer service, safeguarding customer assets
	B7	Anti-corruption	Anti-corruption policy
	B8	Community investment	Community involvement

The Group has complied with the "comply or explain" provisions set out in the ESG Reporting Guide for the Reporting Period.

A. Environmental Protection

The Group has established a set of management policies, mechanisms and measures on environmental protection to help ensure the sustainable development and operation of the Group. The Group strives to enhance the efficiency in the usage of energy and resources and also complies with relevant environmental regulations in Hong Kong.

During the Reporting Period, the Group did not note any cases of non-compliance relating to environmental laws and regulations in Hong Kong.

A1 Emission

Carbon emissions

The major source of our carbon emissions is the electricity consumed at the workplace. In order to reduce our carbon footprint, we have implemented some measures, please refer to the "A2 Use of resources" section below.

Waste management

Considering the principal business activities of the Group (i.e. provision of EFT-POS terminal and peripheral device sourcing and support services), no greenhouse gas emission nor hazardous waste was noted in our business activities during the Reporting Period, and we have not produced a notable level of air or water pollutants. The major land waste is the paper used for job management and office documents. We are committed to promoting waste reduction at source, therefore the Group has established environmental policies to reduce and handle the land waste. Waste is properly handled and disposed by an authorised party to central waste processing facilities. Categorisation of waste is encouraged to facilitate efficient recycling.

To enhance our waste management techniques, we always monitor the latest environmental regulations, as well as market trends on new environmental practices. We continuously seek opportunities on improving the effectiveness of our current practices. In the coming year, we plan to set up waste separation facilities in our office to collect scrap paper, plastic bottles, aluminum cans and recyclable toner cartridges, all of which will be delivered to the recycling agents for further processing.

A2 Use of resources

The resources used by the Group are principally attributed to electricity, water and paper consumed at our offices.

Use of electricity

Electricity is consumed during daily business operations in our offices through the use of indoor lighting, air-conditioning, functioning of office equipment, etc.

The Group has established guidelines on implementing energy saving measures:

- Air conditioning is set at an optimal temperature of 24-26 degree as suggested by the Energy Saving Chapter by the Electrical and Mechanical Services Department;
- Staff are encouraged to switch off lighting while they are off duty; and
- Office equipment (including computers and photocopiers) should be switched to energy saving mode when they are not in use.

Use of water
We do not consume significant amounts of water through our business activities. The majority of the water supply facilities are provided and managed by property managers on our rental premises. Although water consumption is considered minimal, we also encourage saving by driving behavioural changes in the workplace. In the coming year, we plan to post green messages in pantry and washrooms as reminders for using water efficiently.

Use of paper
The major packaging material used in the business is paper box and plastic bag wrapping the EFT-POS terminals and peripheral devices which are provided by the manufacturers.

The Group vigorously promotes a paperless office and encourages staff to reduce paper usage in their daily work to create a green office. For example, encouraging staff in practicing duplex printing, double side printing and reuse of single side printed paper; using e-channels to disseminate corporate information.

To further reduce paper consumption, the Group is planning to introduce a new system to handle job orders electronically and minimise the usage of paper.

A3 Environmental protection and natural resources

Although the business activities of the Group have insignificant impact to the environment and natural resources, the Group is taking initiatives to address the energy efficiency and environmental protection needs, we will continuously assess and control the potential impacts of our business activities on the environment.

B. Social Commitment

B1 Employment

Employees are the most valuable asset of the Group. It is the tradition and culture of the Group to value the employee's competitiveness and offer equal opportunities to all gender and background. The Group is committed to providing employees with a good workplace practice without discrimination and received equal opportunities for all despite of age, gender, race, colour, sexual orientation, disability or marital status. Our commitment is reflected in all aspects of the Group's business operations and is integrated in our Employee Handbook and human resources policy.

The Employee Handbook is formulated to stipulate general practices and policies related to employment, compensation and benefits. Our employment contract specified the terms including compensation and dismissal, working hours, rest periods and other benefits and welfare for our staff. To stay competitive, our base salaries are within industry norms, competitive remuneration and fringe benefits, incentive systems, comprehensive medical insurance including in-patient and out-patient benefits are offered to employees, contributing to our ability to attract and retain highly skilled and motivated staff.

The Group also strongly recognises the importance of maintaining frequent communication between the management and employees. The management is always committing to provide a harmonious atmosphere within the workplace and seeking employee's opinions on how to create a better and cohesive workplace.

No non-compliance cases were noted in relation to employment laws and regulations of Hong Kong in all material respects during the Reporting Period.

B2 Health and Safety

Ensuring the health and safety of our employee is an integral part of our business activities. Therefore, the Group is dedicated to maintaining a safe, hygienic and productive workplace by minimising the potential risk of accidents, injuries and exposure in relation to health risks.

The office is equipped with suitable fire-fighting facilities like fire extinguishers. The property management office ensures the fire exit passageway is clear and unblocked and organises fire drills from time to time. Preventive measures were undertaken with the use of appropriate office equipment and working at warehouses to enhance workplace safety.

The Group did not violate any health and safety laws and regulations of Hong Kong in all material respects during the Reporting Period.

B3 Training and Development

Training is always an important way to improve the overall quality and provide comprehensive development of the employees. We are committed to ensuring that the talents, skills and abilities of our employees are recognised and are utilised to their full capacity. The Group regularly organises internal training to employees to enhance their knowledge in business operation and share management's experience in tackling challenges and difficulties when performing their duties. Due to the complexity in our business nature, on-the-job training is provided to technical staff by experienced staff in order to acquire necessary technical skills and enhance team spirit.

B4 Labour Standard

The Group has committed to protect the labour rights of staff and prohibits the use of forced labour, any individuals under legal working age and individuals without any identification documents are disqualified from employment.

During the Reporting Period, the Group has complied with all relevant labour standards in all material respects. No violation regarding to the age of employment and labour dispute has incurred between the Group and employees.

B5 Supply chain management

For sourcing of EFT-POS terminals and peripheral devices, we generally procure the EFT-POS terminals and peripheral devices from the world's top manufacturers with high reputation and credibility. Some of them have already established substantiality policies in related to the environmental and social aspects.

Going forward, we will incorporate sustainability considerations into our sourcing practices including procurement of other office equipment and communicate with suppliers on their environmental and social responsibilities to identify opportunities to improve their current environmental and social practices.

B6 Product responsibility

The Group is committed to providing reliable products and services, by acting responsibly and protecting the interests of various stakeholder groups.

Sourcing of EFT-POS terminals and peripheral devices

We provide sourcing of EFT-POS terminals and peripheral devices to acquirers as well as merchants, and we add value by offering EFT-POS system support services including installation, specification testing and electronic payment standards acceptance certification solutions, maintenance, collection, repair and other related services of EFT-POS terminals. Our experience in the electronic payment industry and our well-established business relationships with EFT-POS terminal and peripheral device manufacturers allow us to recommend or source suitable EFT-POS terminals and peripheral devices to meet the requirements of the merchants or acquirers.

EFT-POS system support services

To improve customer satisfaction and achieve customer loyalty in the long term, we work closely with EFT-POS terminal manufacturers and acquirers to provide specialised one-stop value-added EFT-POS system support services to merchants who use their EFT-POS terminals, under the service arrangements.

Software solution services

By leveraging our established business relationships with acquirers and merchants through our on-going EFT-POS system support services and our strong software development capability, we observe our customers' needs on software with specific functions to improve the overall operational efficiency, cost reduction and ease of management. Satisfying our customers is our central focus, we aim to provide value-added software solution services based on the unique needs of customers.

Quality assurance

The Group is committed to providing customers with high-quality services and solutions. To this end, we have established internal operating guidelines to set out and manage the quality control procedures and standards required for our business streams. To ensure that our EFT-POS system support services meet our customers' requirements, we strictly adhere to the service standards set out in the arrangements with our customers.

For our sourcing of EFT-POS terminals and peripheral devices, although we rely on the quality control of our suppliers who are typically leading global EFT-POS terminal manufacturers possessing stringent quality control standards, we also conduct random sampling of EFT-POS terminals to ensure that they are working on arrival. We perform full check when we load the software to the EFT-POS terminals before deployment to customers. We generally offer our customers a hardware warranty of 12 months on the EFT-POS terminals and peripheral devices sourced from us. The hardware warranty provided by us covers for hardware defects of the EFT-POS terminal (save for wear and tear and accidental damage) in line with the hardware warranty provided by our suppliers.

Our information technology team is responsible for the quality of our software solution services by conducting a series of internal tests as well as conducting pilot testing of software solutions prior to deployment to our customers.

Customer services

We provide 24/7 hotline services for repair and maintenance of EFT-POS terminals. Our operation department (comprising our customer service and technical support teams) is responsible for our EFT-POS system support services. We adopt 3 tiers of procedures in handling hotline requests based on the level of complexity in troubleshooting the error, we ensure customers' concerns are properly addressed to foster long-term relationship with our customers.

Complaint handling

Feedback and suggestions from customers provide an opportunity for the Group to improve and grow in a sustainable manner. We are committed to responding and resolving all customers' enquiries and dissatisfaction promptly and with care in order to maintain our reputation. Serious complaints are transferred and handled directly by a manager in our customer service team for investigation. Upon full investigation, an incident report is generated together with a plan of action containing rectification steps to prevent future occurrence. To ensure our Customer Complaint Policy is up to date with the relevant laws and regulations, our operation department will from time to time, if necessary, consult with legal advisers. During the Reporting Period, we have not received any material complaints on our services from our customers that have a material impact to the Group.

Customer data and privacy protection

Our business is the link between EFT-POS terminal manufacturers and acquirers, as well as between merchants and acquirers. Our purpose is ensuring EFT-POS terminals and the electronic payment system is running smoothly. The EFT-POS terminals and the electronic payment system do not retain any user's (individual card holder) personal information. The Group has also developed an IT policy included in the Employee Handbook which regulates staff in proper use and handling of other customer data. During the Reporting Period, the Group had not been involved in any events of divulging customer data and private information.

B7 Anti-corruption

A system with good moral integrity and anti-corruption mechanism is the cornerstone for a sustainable and healthy development of the Group. To maintain a workplace free from corruption and bribery, the Group has included the Prevention of Bribery Policy in the Employee Handbook. The policy states the details of Section 9 (1) of the Prevention of Bribery Ordinance of Hong Kong. It is strictly implemented in the operation of the Group. The policy also includes integrity rules regarding offer and acceptance of advantages, business referral and other related information which strictly require directors and staff to follow and be aware of them.

In terms of the reporting of abnormal and corruption behavior, the Group has also established a whistle blowing policy under which a reporting mailbox is set up to provide a channel for employees to report violations, corruption, bribery and suspicious incidents.

During the Reporting Period, the Group did not have any major violations of the relevant laws and regulations. In addition, there were no cases of corruption involving the Group or its employees.

B8 Community

The Group actively undertakes social responsibilities in the area of promoting employment for undergraduates during the Reporting Period.

In order to take the initiative in promoting employment, the Group conducted an on-campus recruitment talk at Hong Kong University of Science and Technology in August 2016. The talk strived to share our vision, experience and ambition, aimed at cultivating and enriching job opportunities for young talents. This is our ongoing objective to share the career development of our industry and promote more employment opportunities for undergraduates, encouraging them to get involved in the work environment and get ready for their career pathway.

We understand the importance of committing corporate social responsibilities which we will actively play our role and make contributions to communities in the future.

Deloitte.

TO THE SHAREHOLDERS OF
EFT SOLUTIONS HOLDINGS LIMITED
俊盟國際控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of EFT Solutions Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 51 to 95, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTER

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

Key audit matter	**How our audit addressed the key audit matter**
Impairment of trade receivables	
We identified the impairment of trade receivables as a key audit matter due to the significant management judgment involved in assessing the recoverability of the trade receivables. In determining the impairment loss on trade receivables, the management considers the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the trade receivables. As disclosed in Note 19 to the consolidated financial statements, the carrying amount of trade receivables of the Group as at 31 March 2017 was approximately HK$13,092,000, net of allowance for doubtful debts of HK$161,000.	Our procedures in relation to the impairment of trade receivables included: • Obtaining an understanding of how management determine the impairment loss on trade receivables; • Assessing the reasonableness of impairment loss on trade receivables with reference to the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of each individual debtor; • Testing the aging analysis of the trade receivables, on a sample basis, to the source documents, including the terms stated in the sales agreements; and • Checking settlement during the year and subsequent settlement of trade receivables, on a sample basis, to the source documents.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Sunnie Sy.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Revenue	*6*	**53,282**	45,986
Cost of goods sold and services		**(31,234)**	(25,285)
Gross profit		**22,048**	20,701
Other income	*8*	**193**	203
Other losses	*9*	**(183)**	(71)
Administrative expenses		**(7,678)**	(3,499)
Listing expenses		**(13,078)**	(973)
Finance cost	*10*	**(168)**	(235)
Profit before tax		**1,134**	16,126
Income tax expense	*11*	**(2,429)**	(2,828)
(Loss) profit and total comprehensive (expense) income for the year	*12*	**(1,295)**	13,298
(Loss) earnings per share			
– Basic (HK cents)	*15*	**(0.31)**	3.46

Consolidated Statement of Financial Position

As at 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**1,080**	1,250
Investment in an associate	17	**–**	–
Rental deposits	19	**246**	186
		1,326	1,436
CURRENT ASSETS			
Inventories	18	**960**	–
Trade and other receivables	19	**14,667**	11,566
Amount due from a director	20	**–**	6,537
Amount due from a related company	20	**–**	2,203
Tax recoverable		**445**	–
Bank balances and cash	21	**46,420**	4,163
		62,492	24,469
CURRENT LIABILITIES			
Trade and other payables	22	**5,397**	1,106
Bank borrowings	23	**314**	8,972
Tax payable		**–**	4,542
		5,711	14,620
NET CURRENT ASSETS		**56,781**	9,849
NET ASSETS		**58,107**	11,285
CAPITAL AND RESERVES			
Share capital	24	**4,800**	–
Share premium and reserves		**53,307**	11,285
TOTAL EQUITY		**58,107**	11,285

The consolidated financial statements on pages 51 to 95 were approved and authorised for issue by the board of directors of the Company on 21 June 2017 and are signed on its behalf by:

Lo Chun Kit Andrew	**Lo Chun Wa**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note)	Accumulated profits HK$'000	Total HK$'000
As at 1 April 2015	–	–	–	13,087	13,087
Profit and total comprehensive income for the year	–	–	–	13,298	13,298
Dividends (Note 14)	–	–	–	(15,100)	(15,100)
As at 31 March 2016	**–**	**–**	**–**	**11,285**	**11,285**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**(1,295)**	**(1,295)**
Effect of group reorganisation (Note)	**–**	**10,228**	**(10,228)**	**–**	**–**
Issue of shares (Note 24)	**960**	**52,800**	**–**	**–**	**53,760**
Transaction costs attributable to issue of shares	**–**	**(5,643)**	**–**	**–**	**(5,643)**
Capitalisation issue (Note 24)	**3,840**	**(3,840)**	**–**	**–**	**–**
As at 31 March 2017	**4,800**	**53,545**	**(10,228)**	**9,990**	**58,107**

Note: Special reserve represents the difference between the entire issued shares of EFT Solutions Limited ("**EFT**") acquired by the Group amounting to HK$100 and the consideration for acquiring EFT by EFT Solutions International Limited ("**EFT Solutions International**"), a wholly owned subsidiary of the Group, amounting to HK$10,228,000 pursuant to the Reorganisation (as defined in Note 2) completed on 20 June 2016.

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Profit before tax	1,134	16,126
Adjustments for:		
Depreciation of property, plant and equipment	857	638
Bank interest income	(17)	(1)
Interest income from a director	(19)	(142)
Finance cost	168	235
Allowance for doubtful debts	161	–
Operating cash flows before movements in working capital	2,284	16,856
(Increase) decrease in inventories	(960)	285
Increase in trade and other receivables	(3,262)	(3,924)
Increase in amount due from related companies	–	(1,395)
Increase in trade and other payables	4,291	363
Cash generated from operations	2,353	12,185
Income taxes paid	(7,416)	(100)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(5,063)	12,085
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(723)	(968)
Bank interest income	17	1
Advance to a director	(1,275)	(6,142)
Repayment from a director	1,440	372
Advance to related companies	–	(2,916)
Repayment from related companies	2,239	1,040
NET CASH FROM (USED IN) INVESTING ACTIVITIES	1,698	(8,613)
FINANCING ACTIVITIES		
Proceeds from issue of shares	53,760	–
Transaction costs directly attributable to issue of shares	(5,643)	–
Proceeds from bank borrowings	3,766	–
Repayment of bank borrowings	(6,093)	(915)
Interest paid	(168)	(235)
Deferred listing expenses paid	–	(754)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	45,622	(1,904)
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,257	1,568
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	4,163	2,595
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash	46,420	4,163

1. GENERAL

EFT Solutions Holdings Limited (the "**Company**") was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 26 May 2016. Its registered office is located at Estera Trust (Cayman) Limited, Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is located at Workshops B1 & B3, 11th Floor, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong.

The Company's shares were listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 December 2016 (the "**Listing**").

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

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Group.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the group reorganisation as described below, the Company became the holding company of the subsidiaries now comprising the Group on 20 June 2016 (the "**Reorganisation**").

Prior to the Reorganisation, EFT was solely owned by Mr. Lo. In preparation for the Listing of the Company's shares on the GEM of the Stock Exchange, the Group underwent the following reorganisation steps:

(1) On 24 May 2016, LCK was incorporated as limited liability company in the BVI. On the same day, Mr. Lo subscribed for one ordinary share of LCK at the subscription price of US$1.

(2) On 26 May 2016, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with authorised share capital comprised of 38,000,000 shares at par value of HK$0.01 per share. Upon the incorporation of the Company, one ordinary share in the Company, credited as fully paid, was alloted and issued to an initial subscriber at the subscription price of HK$0.01 on 26 May 2016. On the same day, such ordinary share was transferred to LCK and a further 99 ordinary shares in the Company, credited as fully paid, were alloted and issued to LCK.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(3) On 27 May 2016, EFT Solutions International was incorporated as limited liability company in the BVI. On the same day, EFT Solutions International alloted and issued one share to the Company as the initial subscriber share at the subscription price of US$1.

(4) On 17 June 2016, EFT disposed of its 49% equity interest in Shopplus EFT Limited ("**Shopplus**") to Media Express Technology Limited, which held 51% of the entire issued share capital in Shopplus, in consideration of HK$49.

(5) Transfer of Mr. Lo's entire interest in issued share capital of EFT to EFT Solutions International pursuant to a share transfer agreement dated 20 June 2016, in consideration for the Company's agreement of allotting and issuing of 900 shares to LCK.

Upon completion of the above steps, the Company was wholly owned by the Controlling Shareholder through LCK and the Company became the holding company of the companies now comprising the Group on 20 June 2016. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

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 2016 and 2017 include the results of operations and cash flows of the companies now comprising the Group as if the current group structure had been in existence and remained unchanged throughout the periods, or since their respective dates of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at 31 March 2016, taking into account the respective dates of incorporation, where appropriate.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

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

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 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[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 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRS 2014 – 2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which is relevant to the Group is in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, the directors of the Company (the "**Directors**") anticipated that the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the operating lease payments are currently presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$2,952,000 as disclosed in Note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

Except as described above, the Directors do not expect the application of the other new and amendments to HKFRSs in issue by not yet effective in the current year will have material impact on the Group's financial performance and positions and/or on the disclosures set out in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the listing of securities on the GEM of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out 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 the consolidated financial statements is determined on such a basis, except leasing transactions that are within the scope of HKAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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

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

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and returns. The Group's turnover includes revenues from sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services.

Sourcing of EFT-POS terminals and peripheral devices

Revenue from the sourcing of EFT-POS terminals and peripheral devices is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Provision of services

(i) EFT-POS system support services

Revenue from EFT-POS system support services is recognised using straight-line method over the terms of system support contracts. For adhoc services, revenue is recognised when services are rendered.

(ii) Software solution services

Service revenue for software solution services is recognised when services are provided.

Borrowing costs

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

Leasing

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period which they are incurred.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the functional currency of the Company ("foreign currency") are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("**MPF Scheme**") are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. 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. 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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income 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 basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, amount due from a director, amount due from a related company and bank balances and cash) are carried at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity 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 the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

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 Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Estimated impairment of trade receivables

Trade receivables are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recorded. Objective evidence of impairment includes the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. If there is a change in the objective evidence of impairment in relation to the trade debtors, the actual impairment loss would be higher or lower than the allowance for doubtful debts recognised in the consolidated financial statements. The carrying amount of trade receivables as at 31 March 2017 was approximately HK$13,092,000 (2016: HK$8,730,000), net of allowance for doubtful debts of HK$161,000 (2016: Nil).

6. REVENUE

An analysis of the Group's revenue is as follows:

	2017 **HK$'000**	2016 HK$'000
Sourcing of EFT-POS terminals and peripheral devices	**23,781**	20,599
EFT-POS system support services	**27,246**	24,408
Software solution services	**2,255**	979
	53,282	45,986

7. SEGMENT INFORMATION

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

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

Sale of hardware devices	–	Sourcing of EFT-POS terminals and peripheral devices
System support and software	–	Provision of EFT-POS system support and software solution services

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

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in Note 4.

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

Year ended 31 March 2017

	Sale of hardware devices HK$'000	System support and software solution services HK$'000	Consolidated HK$'000
Segment revenue – external customers	23,781	29,501	53,282
Segment results	10,911	10,904	21,815
Other income			143
Finance cost			(168)
Listing expenses			(13,078)
Unallocated expenses			(7,578)
Profit before tax			1,134

7. SEGMENT INFORMATION *(continued)*

Year ended 31 March 2016

	Sale of hardware devices HK$'000	System support and software solution services HK$'000	Consolidated HK$'000
Segment revenue – external customers	20,599	25,387	45,986
Segment results	10,726	9,820	20,546
Other income			203
Finance cost			(235)
Listing expenses			(973)
Unallocated expenses			(3,415)
Profit before tax			16,126

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

7. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

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

	2017 HK$'000	2016 HK$'000
Segment assets		
Sale of hardware devices	**7,194**	3,519
System support and software solution services	**7,012**	5,211
Total segment assets	**14,206**	8,730
Unallocated assets:		
Property, plant and equipment	**1,080**	1,250
Prepayment and deposits	**1,667**	3,022
Amount due from a director	**–**	6,537
Amount due from a related company	**–**	2,203
Tax recoverable	**445**	–
Bank balances and cash	**46,420**	4,163
Consolidated assets	**63,818**	25,905
Segment liabilities		
Sale of hardware devices	**1,509**	–
System support and software solution services	**1,196**	116
Total segment liabilities	**2,705**	116
Unallocated liabilities:		
Other payables and accrued expenses	**2,692**	990
Bank borrowings	**314**	8,972
Tax payable	**–**	4,542
Consolidated liabilities	**5,711**	14,620

7. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

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

- all assets are allocated to operating segments other than property, plant and equipment, certain prepayment and deposits, amount due from a director, amount due from a related company, tax recoverable and bank balances and cash that are not attributable to respective segment.

- all liabilities are allocated to operating segments other than certain other payables and accrued expenses, bank borrowings and tax payable that are not attributable to respective segment.

Other segment information

Year ended 31 March 2017

	Sale of hardware devices HK$'000	System support and software solution services HK$'000	Consolidated HK$'000
Allowance for doubtful debts *(Note)*	1	160	161

Note: There was no allowance for doubtful debts for the year ended 31 March 2016.

Geographical information

Non-current assets by geographical location

The Group's operations are solely based in Hong Kong and all its non-current assets are located in Hong Kong, the principal place of business of the group entities. Therefore, no further analysis of geographical information is presented.

7. SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

Revenue by geographical location

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

	2017	2016
	HK$'000	HK$'000
Hong Kong	**48,578**	33,299
Australia	**2,462**	8,502
Macau	**2,242**	4,185
	53,282	45,986

Information about major customers

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

	2017	2016
	HK$'000	HK$'000
Customer A from system support and software solution services segment	**15,031**	13,329
Customer B from sale of hardware devices and system support and software solution services segments	**7,462**	–
Customer C from sale of hardware devices segment	**N/A** *(Note)*	8,502
Customer D from system support and software solution services segment	**N/A** *(Note)*	4,620

Note: The corresponding revenue did not contribute over 10% of the total sales of the Group for the current year.

8. OTHER INCOME

	2017	2016
	HK$'000	HK$'000
Interest income from a director *(Note)*	**19**	142
Management income from a related company	**60**	60
Rental income	**47**	–
Bank interest income	**17**	1
Others	**50**	–
	193	203

Note: For the year ended 31 March 2017, interest in relation to the Mortgage Arrangements (as defined in Note 23) amounting to approximately HK$19,000 (2016: HK$142,000) were charged to Mr. Lo. Such interest income has been recognised by the Group as other income and the related bank interest expense is recorded in finance cost (see Note 10).

9. OTHER LOSSES

	2017 HK$'000	2016 HK$'000
Net exchange losses	22	71
Allowance for doubtful debt	161	–
	183	71

10. FINANCE COST

	2017 HK$'000	2016 HK$'000
Interest on bank borrowings	168	235

11. INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'000
Hong Kong Profits Tax:		
– Current year	2,454	2,828
– Overprovision in prior year	(25)	–
	2,429	2,828

The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

The Group is subject to Hong Kong Profits Tax at a rate of 16.5% for both years.

11. INCOME TAX EXPENSE *(continued)*

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

	2017 HK$'000	2016 HK$'000
Profit before tax	**1,134**	16,126
Tax at the Hong Kong Profits Tax rate of 16.5%	**187**	2,661
Tax effect of income not taxable for tax purpose	**(3)**	–
Tax effect of expenses not deductible for tax purpose	**2,253**	163
Tax effect of deductible temporary differences not recognised	**37**	7
Overprovision in respect of prior year	**(25)**	–
Others	**(20)**	(3)
Tax expense for the year	**2,429**	2,828

12. (LOSS) PROFIT FOR THE YEAR

	2017 HK$'000	2016 HK$'000
(Loss) profit for the year has been arrived at after charging:		
Directors' remuneration *(Note 13)*	**1,828**	961
Other staff costs		
– salaries and allowances	**11,340**	10,319
– discretionary bonus	**1,856**	804
– retirement benefits scheme contribution	**545**	472
Total employee benefits expenses (including directors' emoluments)	**15,569**	12,556
Auditor's remuneration	**800**	200
Cost of inventories recognised as expense	**12,785**	9,553
Depreciation of property, plant and equipment	**857**	638

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

Directors' and chief executive's emoluments

Mr. Lo and Mr. Lo Chun Wa were appointed as executive Directors of the Company on 26 May 2016 and 17 June 2016, respectively. Details of the emoluments paid or payable to Mr. Lo, who is also the chief executive and chairman of the Company, and Mr. Lo Chun Wa (including emoluments for the services as the director/employee of the group entities prior to becoming the directors of the Company) by the group entities during the year are as follows:

	Year ended 31 March 2017						
	Lo Chun Kit HK$'000	**Lo Chun Wa HK$'000**	**Lam Ching Man HK$'000 *(Note a)***	**Lui Hin Weng Samuel HK$'000 *(Note b)***	**Pang Ho Man Victor HK$'000 *(Note b)***	**Lam Keung HK$'000 *(Note b)***	**Total HK$'000**
Fees	**80**	**48**	**48**	**48**	**48**	**48**	**320**
Other emoluments							
Salaries and other benefits	**960**	**370**	**–**	**–**	**–**	**–**	**1,330**
Discretionary bonus*	**–**	**143**	**–**	**–**	**–**	**–**	**143**
Contributions to retirement benefits schemes	**18**	**17**	**–**	**–**	**–**	**–**	**35**
Total emoluments	**1,058**	**578**	**48**	**48**	**48**	**48**	**1,828**

	Year ended 31 March 2016						
	Lo Chun Kit HK$'000	Lo Chun Wa HK$'000	Lam Ching Man HK$'000 *(Note a)*	Lui Hin Weng Samuel HK$'000 *(Note b)*	Pang Ho Man Victor HK$'000 *(Note b)*	Lam Keung HK$'000 *(Note b)*	Total HK$'000
Fees	–	–	–	–	–	–	–
Other emoluments							
Salaries and other benefits	600	294	–	–	–	–	894
Discretionary bonus	–	35	–	–	–	–	35
Contributions to retirement benefits schemes	18	14	–	–	–	–	32
Total emoluments	618	343	–	–	–	–	961

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

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

Notes:

(a) Ms. Lam Ching Man ("Ms. Lam"), who is the spouse of Mr. Lo, was appointed as a non-executive Director with effect from 17 June 2016.

(b) Mr. Lui Hin Weng Samuel, Mr. Pang Ho Man Victor and Mr. Lam Keung were appointed as independent non-executive Directors with effect from 23 November 2016.

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

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

Employees' remuneration

The five highest paid individuals with the highest emoluments in the Group include 2 (2016: 2) directors, details of their emoluments are set out in the disclosure above. The remunerations for the remaining 3 (2016: 3) individuals are as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries and allowances	**1,755**	868
Discretionary bonus	**650**	100
Retirement benefits scheme contribution	**54**	42
	2,459	1,010

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

	Year ended 31 March	
	2017 **No. of** **employees**	2016 No. of employees
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–

14. DIVIDENDS

	2017 HK$'000	2016 HK$'000
Dividends recognised as distribution for the year	–	15,100

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period.

During the year ended 31 March 2016, EFT declared dividend of HK$15,100,000 to its then shareholder, Mr. Lo, in form of distribution in specie of receivables from a director and the related companies amounting to approximately HK$7,285,000 and HK$7,815,000, respectively.

The rates of dividend declared and the number of shares ranking for distribution are not presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

15. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share for both years are based on the following data:

	2017 HK$'000	2016 HK$'000
(Loss) earnings		
(Loss) earnings for the purposes of basic (loss) earnings per share	(1,295)	13,298
	'000	'000
Number of shares		
Weighted average number of shares for the purpose of basic (loss) earnings per share	412,142	384,000

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined based on the assumption that the Reorganisation and capitalisation issue (Note 24(b)) had been effective on 1 April 2015.

No diluted (loss) earnings per share is presented as the Group had no potential ordinary shares in issue during both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furnitures and fixtures HK$'000	Office equipment HK$'000	Total HK$'000
COST				
As at 1 April 2015	1,007	95	267	1,369
Additions	401	80	487	968
As at 31 March 2016	1,408	175	754	2,337
Additions	182	45	496	723
Disposal	–	–	(78)	(78)
As at 31 March 2017	**1,590**	**220**	**1,172**	**2,982**
ACCUMULATED DEPRECIATION				
As at 1 April 2015	280	13	156	449
Provided for the year	516	26	96	638
As at 31 March 2016	796	39	252	1,087
Provided for the year	564	43	250	857
Eliminated on disposal	–	–	(42)	(42)
As at 31 March 2017	**1,360**	**82**	**460**	**1,902**
CARRYING VALUES				
As at 31 March 2017	**230**	**138**	**712**	**1,080**
As at 31 March 2016	612	136	502	1,250

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

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

17. INVESTMENT IN AN ASSOCIATE

	2017 **HK$'000**	2016 HK$'000
Unlisted shares, at cost	**–**	–

As at 31 March 2017, the Group had interest in the following associate:

Name	**Place of incorporation and operation**	**Principal activities**	**Percentage of interest in ownership held by the Group**	
			2017	2016
Shopplus	Hong Kong	Inactive	**N/A**	49%

Note: As part of the Reorganisation, the Group has disposed of its 49% equity interest in Shopplus on 17 June 2016 (see Note 2).

18. INVENTORIES

	2017 **HK$'000**	2016 HK$'000
Finished goods	**960**	–

19. TRADE AND OTHER RECEIVABLES

	2017 **HK$'000**	2016 HK$'000
Current assets		
Trade receivables	**13,092**	8,730
Prepayment and other deposits	**1,575**	2,576
Deferred listing expenses	**–**	260
Total	**14,667**	11,566
Non-current asset		
Rental deposits paid to the Lo's Family *(as defined in Note 23)*	**246**	186

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

19. TRADE AND OTHER RECEIVABLES *(continued)*

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

	2017	2016
	HK$'000	HK$'000
Within 30 days	**8,412**	4,153
31 – 60 days	**4,098**	3,543
61 – 90 days	**74**	221
91 – 180 days	**342**	734
181 – 365 days	**166**	–
Over 365 days	**–**	79
	13,092	8,730

Included in the Group's trade receivables balance are debtors as at 31 March 2017 with an aggregate carrying amount of approximately HK$4,680,000 (2016: HK$4,577,000) which are past due at the end of reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances. All of the trade receivables that are neither past due nor impaired have good credit quality assessed by the Group.

Aging of trade receivables which are past due but not impaired:

	2017	2016
	HK$'000	HK$'000
Overdue:		
1 – 30 days	**4,098**	3,543
31 – 60 days	**74**	221
61 – 90 days	**5**	539
91 – 180 days	**337**	195
181 – 365 days	**166**	–
Over 365 days	**–**	79
	4,680	4,577

19. TRADE AND OTHER RECEIVABLES *(continued)*

Movement in the allowance for trade receivables

	Year ended 31 March	
	2017	2016
	HK$'000	HK$'000
Balance at beginning of the year	**–**	–
Impairment losses recognised on receivables	**161**	–
Balance at end of the year	**161**	–

Included in trade receivables as at 31 March 2017 are amounts net of individually impaired receivables amounting to approximately HK$161,000 (2016: Nil). The management has reviewed the repayment history of these long overdue customers, considering their deteriorating credit quality and no amount had been settled subsequent to the end of the reporting period, accordingly, full impairment was recognised.

20. AMOUNTS DUE FROM A DIRECTOR AND A RELATED COMPANY

(a) Amount due from a director

	As at 31 March		As at 1 April	Maximum amounts outstanding during the year	
	2017	2016	2015	**2017**	2016
	HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000
Mr. Lo	**–**	6,537	7,910	**6,537**	14,194

The amount as at 31 March 2016 was non-trade nature, unsecured and repayable on demand. Carrying amount of HK$6,389,000 as at 31 March 2016 was interest-bearing whilst the remaining amount was interest-free. The amount was in relation to the Mortgage Arrangements (as defined in Note 23) and the mortgage loans have been taken up by the Lo's Family (as defined in Note 23) during the year. The remaining amount as at 31 March 2016 was non-trade nature, unsecured and repayable on demand. The outstanding balance due from Mr. Lo was fully repaid during the year.

(b) Amount due from a related company

	As at 31 March		As at 1 April	Maximum amounts outstanding during the year	
	2017	2016	2015	**2017**	2016
	HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000
EFT Payments (Asia) Limited	**–**	2,203	2,254	**2,203**	4,014

EFT Payments (Asia) Limited, is wholly-owned by Mr. Lo. The balance as at 31 March 2016 was non-trade nature, unsecured, interest free and repayable on demand. The outstanding balance due from EFT Payments (Asia) Limited was fully repaid during the year.

21. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates at 0.01% (2016: 0.01%) per annum.

22. TRADE AND OTHER PAYABLES

	2017 **HK$'000**	2016 HK$'000
Trade payables	**1,560**	37
Deferred revenue	**312**	79
Other payables and accrued expenses	**3,525**	990
	5,397	1,106

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

	2017 **HK$'000**	2016 HK$'000
Within 30 days	**776**	37
31 – 60 days	**504**	–
61 – 90 days	**280**	–
	1,560	37

23. BANK BORROWINGS

	2017 **HK$'000**	2016 HK$'000
Bank borrowings, guaranteed with variable interest rates	**314**	8,972
Secured	**–**	8,972
Unsecured	**314**	–
	314	8,972
Carrying amount repayable (according to schedule repayment term):		
– Within one year	**314**	923
– More than one year, but not exceeding two years	**–**	932
– More than two years, but not exceeding five years	**–**	2,852
– More than five years	**–**	4,265
	314	8,972
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	**314**	8,972

23. BANK BORROWINGS *(continued)*

Details of guarantee provided in connection with the bank borrowings are set out in Note 30.

All of the Group's bank borrowings carries variable-rate interest at Hong Kong Dollar Best Lending Rate ("BLR") or at a premium over Hong Kong Interbank Offered Rate ("HIBOR").

The range of effective interest rates (which are also equalled to contractual interest rates) on the Group's borrowings are as follows:

	2017	2016
Effective interest rate (per annum):		
Variable-rate borrowings	**3.16%**	2.13% to 3.23%

In May 2014, Mr. Lo and his spouse, Ms. Lam (collectively referred to as the "**Lo's Family**"), had purchased three industrial properties located in Hong Kong on their own with the intent of using these properties as the office premises of the Group. At the same time, the Lo's Family had entered into an arrangement with the Group, in which the Group raised mortgage loans with principal amounts of HK$7,144,000 from a bank in Hong Kong to finance the purchase of these industrial properties, while Mr. Lo agreed with the Group himself to bear the principal of the same amount and the relevant interest (collectively referred to as the "**Mortgage Arrangements**") and included in the amount due from Mr. Lo set out in Note 20(a). Under the Mortgage Arrangement, the Group made monthly repayment on the mortgage loan and paid the relevant interest expenses. The outstanding balance of these bank borrowings as at 31 March 2016 was HK$6,389,000. On 5 May 2016, the Group agreed with the bank to terminate the mortgages as mentioned above. The Mortgage Arrangements had been ceased and the mortgage loans had been taken up by the Lo's Family. The outstanding balance of the mortgage loans of HK$6,331,000 was netted off against the amount due from a director without actual cash transfer.

The remaining outstanding bank borrowings of HK$2,583,000 as at 31 March 2016 represented term loans borrowed by the Group for its operation. Such term loans together with the above-mentioned mortgage loans were secured by the above-mentioned three industrial properties owned by the Lo's Family and were guaranteed by the Lo's Family and Affinity Corporation Limited ("**Affinity**"), a company wholly-owned by Mr. Lo. These term loans were fully paid during the year ended 31 March 2017.

In April 2016, the Group has drawn a loan for tax purpose (the "**Tax Loan**") with principal amount of approximately HK$3,765,000. The carrying amount of the Tax Loan as at 31 March 2017 is approximately HK$314,000. As at 31 March 2017, the Tax Loan was guaranteed by the corporate guarantee by the Company.

24. SHARE CAPITAL

The share capital of the Group at 1 April 2015 and 31 March 2016 represented the issued share capital of EFT with carrying amount of HK$100.

Upon completion of the Reorganisation, the share capital of the Group as at 31 March 2017 represented the issued share capital of the Company.

The movement in share capital of the Company are as follows:

	Notes	Number of shares	Amount HK$
Ordinary shares of HK$0.01 each			
Authorised:			
On 26 May 2016 (date of incorporation)		38,000,000	380,000
Increased on 23 November 2016	*(a)*	742,000,000	7,420,000
As at 31 March 2017		**780,000,000**	**7,800,000**
Issued and fully paid:			
On 26 May 2016 (date of incorporation)		1	–
Issue of shares on 26 May 2016 pursuant to the Group Reorganisation		99	1
Issue of shares on 20 June 2016 pursuant to the Group Reorganisation		900	9
Capitalisation issue	*(b)*	383,999,000	3,839,990
Issue of shares	*(c)*	96,000,000	960,000
As at 31 March 2017		**480,000,000**	**4,800,000**

Notes:

(a) Pursuant to the written resolutions of the shareholders of the Company passed on 23 November 2016, the authorised share capital of the Company increased from HK$380,000 to HK$7,800,000 by the creation of an additional of 742,000,000 shares of HK$0.01 each.

(b) On 15 December 2016, the Company allotted and issued a total of 383,999,000 ordinary shares of HK$0.01 each, credited as fully paid at par, by way of capitalisation of the sum of HK$3,839,990 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 383,999,000 ordinary shares for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on 14 December 2016, immediately in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in the Company.

(c) On 15 December 2016, the Company placed and offered to the public of 96,000,000 new shares at HK$0.56 per share for a total gross proceeds of approximately HK$53,760,000, with related listing expenses amounting to HK$5,643,000.

The new shares rank pari passu with the existing shares in all respects.

25. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes bank borrowings, as disclosed in Note 23, net of cash and cash equivalents and equity.

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

26. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalent)	**59,512**	21,633
Financial liabilities		
At amortised cost	**1,874**	9,288

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, amount due from a director, amount due from a related company and bank balances and cash, trade payables and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

26. FINANCIAL INSTRUMENTS *(continued)*

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

Market risks

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

(i) Interest rate risk management

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

(ii) Foreign currency risk

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

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

	2017		2016	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
United States Dollar ("US$")	**148**	**1,473**	393	–

Sensitivity analysis

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

26. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitor the utilisation of bank borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate %	**Repayable on demand or less than 1 year HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount HK$'000**
As at 31 March 2017				
Non-derivative financial liabilities				
Trade and other payables	**–**	**1,560**	**1,560**	**1,560**
Bank borrowings	**3.16**	**314**	**314**	**314**
		1,874	**1,874**	**1,874**

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2016				
Non-derivative financial liabilities				
Trade and other payables	–	316	316	316
Bank borrowings	2.47	8,972	8,972	8,972
Financial guarantee contract	–	6,918	6,918	–
		16,206	16,206	9,288

26. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

The amount included above for financial guarantee contract is the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the changes of the fair value on the pledged property and the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2017, the aggregate carrying amounts of these bank borrowings amounted to HK$314,000 (2016: HK$8,972,000). Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows for bank borrowings with a repayment on demand clause. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Bank borrowings with repayment on demand clause							
As at 31 March 2017	3.16	314	–	–	–	314	314
As at 31 March 2016	2.47	1,132	1,116	3,251	4,654	10,153	8,972

26. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets are the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables, rental deposits, amount due from a director, amount due from a related company and bank balances. In order to minimise the credit risk, the Directors have delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowance are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 29.8% of the Group's trade receivables as at 31 March 2017 (2016: 24.0%) due from the Group's largest debtor which is mainly engaged in the manufacturing and sales of EFT-POS terminals. In respect of this customer, given its good repayment history, the management considers that the credit risk associated with the balances of this customer is low. The Group was also exposed to concentration of credit risk on amounts due from a director and a related company with details set out in Note 20. Other than the above, the Group does not have other significant concentration of credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

c. Fair value measurements of financial instruments

The fair values of the financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

27. NON-CASH TRANSACTION

As set out in Note 14, during the year ended 31 March 2016, EFT declared dividend of HK$15,100,000 to its then shareholder, Mr. Lo, in form of distribution in specie of receivables from a director amounting to HK$7,285,000 and the related companies amounting to HK$7,815,000.

28. COMMITMENTS

Operating lease

The Group as lessor

At the end of each reporting period, the Group had contracted with the related parties for the following future minimum lease payments:

	2017	2016
	HK$'000	HK$'000
Within one year	**62**	–
In two to three years	**62**	–
	124	–

The Group as lessee

	2017	2016
	HK$'000	HK$'000
Minimum lease payments under operating leases during the year in respect of premises	**1,476**	1,326

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases with the Lo's Family and Mr. Lo Chun Wa in respect of premises which fall due as follows:

	2017	2016
	HK$'000	HK$'000
Within one year	**1,476**	1,116
In the second year inclusive	**1,476**	2,046
	2,952	3,162

Operating lease payments represent rentals payable by the Group for certain of its premises owned by the Lo's Family and Mr. Lo Chun Wa. Leases are negotiated and rentals are fixed for three years.

29. EMPLOYEE BENEFITS

The Group participates in MPF Scheme for all of its qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. For members of the MPF Scheme, the Group contribute 5% each of relevant payroll costs to the MPF Scheme, subject to a maximum contribution of HK$1,500, which contribution is matched by the employee. During the year ended 31 March 2017, the retirement benefits scheme contribution arising from the MPF Scheme charged to profit or loss were approximately HK$580,000 (2016: HK$504,000).

30. RELATED PARTY TRANSACTIONS

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

Name of related party	Nature of transactions	2017 HK$'000	2016 HK$'000
EFT Payments (Asia) Limited	Sale of hardware devices	**3,661**	1,129
	Provision of EFT-POS system support services	**795**	266
	Management income received	**60**	60
	Rental income received	**47**	–
Mr. Lo	Interest income received	**19**	142
Mr. Lo	Rental expense paid	**972**	897
Ms. Lam	Rental expense paid	**324**	324
Mr. Lo Chun Wa *(Note)*	Rental expense paid	**180**	105

Note: Mr. Lo Chun Wa is a Director of the Company and the brother of Mr. Lo.

In addition to the above, for the year ended 31 March 2016, the bank borrowings with carrying amount of approximately HK$8,972,000 were wholly guaranteed by the Lo's Family and Affinity, a company wholly-owned by Mr. Lo, and were secured by several properties owned by the Lo's Family (Note 23). Such guarantees and pledge of properties had been transferred to the Lo's Family upon cessation of the Mortgage Arrangements on 5 May 2016.

Compensation of key management of personnel

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

31. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2017 and 2016 are as follows:

Name of subsidiaries	Place of incorporation	Place of operations	Particulars of issued share capital		Proportion of ownership/ interest and voting power held by the Company				Principal activities
					Directly		Indirectly		
			2017	2016	**2017**	2016	**2017**	2016	
EFT Solutions International	BVI	Hong Kong	**1 ordinary share of US$1**	N/A	**100%**	N/A*	**–**	–	Investment holding
EFT	Hong Kong	Hong Kong	**100 ordinary shares of HK$100**	100 ordinary shares of HK$100	**–**	–	**100%**	100%	Sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services

* The subsidiary was incorporated during the year (Note 2).

32. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY

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

	2017 HK$'000
Non-current assets	
Investment in a subsidiary	10,228
Current assets	
Other receivables	269
Bank balances and cash	41,881
	42,150
Current liabilities	
Accruals	1,770
Amount due to a subsidiary	1,497
	3,267
Net current assets	38,883
Net assets	49,111
Capital and reserves	
Share capital (Note 24)	4,800
Reserves (Note)	44,311
Total equity	49,111

Note: Movement in reserves

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 26 May 2016 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(9,234)	(9,234)
Issue of shares	63,028	–	63,028
Transaction costs attributable to issue of shares	(5,643)	–	(5,643)
Capitalisation issue	(3,840)	–	(3,840)
As at 31 March 2017	53,545	(9,234)	44,311

Financial Summary

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

RESULTS

	Year ended 31 March		
	2017	2016	2015
	HK$'000	HK$'000	HK$'000
Revenue	**53,282**	45,986	35,208
Profit before tax	**1,134**	16,126	11,557
Income tax expense	**(2,429)**	(2,828)	(1,883)
(Loss) Profit for the year attributable to the Shareholders	**(1,295)**	13,298	9,674

ASSETS AND LIABILITIES

	As at 31 March		
	2017	2016	2015
	HK$'000	HK$'000	HK$'000
Total assets	**63,818**	25,905	25,531
Total liabilities	**(5,711)**	(14,620)	(12,444)
Net assets	**58,107**	11,285	13,087