THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **EFT Solutions Holdings Limited 俊盟國際控股有限公司**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 70% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 5 to 23 of this circular. A notice convening the extraordinary general meeting of the Company to be held at Workshop A1, 4/F, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong on Thursday, 31 May 2018 at 10:30 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to attend the extraordinary general meeting of the Company, you are advised to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not less than 48 hours before the time fixed for holding of the meeting or any adjournment thereof. Completion and delivery of the proxy form will not preclude Shareholders from attending and voting in person at the meeting if they so wish.

14 May 2018

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Acquisition"	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
"Board"	the board of Directors
"BOSS"	Business Operating Software Solution Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by the Target Company
"BOSS GZ"	Guangzhou Boss Software Limited*（廣州寶仕軟件有限公司）, a company established in the PRC with limited liability and the equity interest of which is owned as to 99% by BOSS and as to 1% by a company controlled by the brother of the ultimate shareholder of the Vendor and others
"BOSS HK"	M3 Hong Kong Limited, a company incorporated in Hong Kong with limited liability and is owned by BOSS and an Independent Third Party as to 55% and 45% respectively
"Business Day(s)"	a day on which banks are generally open for business in Hong Kong, except Saturday, Sunday or public holiday
"Company"	EFT Solutions Holdings Limited 俊盟國際控股有限公司, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM
"Completion"	the completion of the Acquisition and transactions contemplated under the Sale and Purchase Agreement in accordance with the terms therein
"connected person(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Consideration"	the consideration of HK$210,000,000 for the Acquisition pursuant to the Sale and Purchase Agreement
"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and, for the purpose of this circular, refers to Mr. Lo and LCK

"Director(s)"	director(s) of the Company
"EFT Solutions"	EFT Solutions Limited（俊盟國際有限公司）, a company incorporated under the laws of Hong Kong on 11 February 2004 with limited liability and an indirect wholly owned subsidiary of the Company
"EFT Solutions International"	EFT Solutions International Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 27 May 2016 and is a directly wholly owned subsidiary of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held for considering and approving, among others, the Acquisition
"Elite"	Elite Partners CPA Limited, the auditors of the Company
"Enlarged Group"	the Group upon Completion of the Acquisition
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) independent of, and not connected with, the Company and its connected persons
"IVL"	International Valuation Limited, an independent valuer
"Prospectus"	prospectus of the Company dated 5 December 2016
"Latest Practicable Date"	9 May 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
"LCK"	LCK Group Limited, a company incorporated in the British Virgin Islands with limited liability and a Controlling Shareholder, which is wholly owned by Mr. Lo

"Mr. Lo"	Mr. Lo Chun Kit Andrew (勞俊傑), the chairman, chief executive officer, executive Director and Controlling Shareholder of the Company
"Promissory Note(s)"	the 1st Promissory Note, the 2nd Promissory Note, the 3rd Promissory Note and the 4th Promissory Note issued by the Company in favour of the Vendor to satisfy part of the Consideration
"PRC"	the People's Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Rich Giant Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
"Sale and Purchase Agreement"	the sale and purchase agreement dated 19 January 2018 (as amended by the Supplemental Agreement) entered into between the Purchaser and the Vendor in relation to the Acquisition
"Supplemental Agreement"	the supplemental agreement dated 29 March 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition
"Sale Shares"	7,000 shares of the Target Company which represents 70% of the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement and Completion
"Share(s)"	ordinary shares of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time and time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Company"	Earn World Development Limited, a company incorporated in the British Virgin Islands with limited liability
"Target Group"	the Target Company, BOSS, BOSS GZ and BOSS HK
"Vendor"	Earn World Enterprises Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Ng Sing Kung Roy, being an Independent Third Party
"%"	per cent

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

* *For identification purpose. The Chinese name has been translated in English in this circular. In the event of any discrepancies between the Chinese name and the English translation, the Chinese name prevails.*

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)

Executive Directors:
Mr. Lo Chun Kit Andrew *(Chairman)*
Mr. Lo Chun Wa
Mr. Chan Lung Ming

Non-executive Directors:
Ms. Lam Ching Man
Mr. Lui Hin Weng Samuel

Independent Non-executive Directors:
Mr. Lam Keung
Ms. Yang Eugenia
Mr. Ng Ming Fai

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

Principal place of business in Hong Kong:
Workshops B1 & B3
11/F, Yip Fung Industrial Building
28-36 Kwai Fung Crescent
Kwai Chung, New Territories
Hong Kong

14 May 2018

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 70% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 13 November 2017, 19 January 2018, 28 February 2018, 29 March 2018 and 30 April 2018 in relation to the Acquisition.

On 19 January 2018 (after trading hours), the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, which represent 70% of the entire issue share capital of the Target Company. The Consideration for the Acquisition is HK$210,000,000 which shall be payable by the Purchaser as to HK$16,000,000 by cash and HK$194,000,000 by issuance of the Promissory Notes.

On 29 March 2018 (after trading hours), the Vendor and the Purchaser entered into the Supplemental Agreement to amend condition precedent (e) under the Sale and Purchase Agreement, such that Completion shall be conditional upon the Shareholders having approved the Sale and Purchase Agreement and the transactions contemplated thereunder at the general meeting as required by the GEM Listing Rules.

The purpose of this circular is to provide you with among other things, (i) further details of the Acquisition; (ii) financial information of the Target Group; (iii) the pro forma financial information of the Enlarged Group as a result of the Acquisition; (iv) valuation report of the Target Group; (v) other information as required under the GEM Listing Rules; and (vi) a notice of EGM.

THE SALE AND PURCHASE AGREEMENT

Date: 19 January 2018 (after trading hours)

Parties: the Purchaser; and

the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement and subject to the conditions, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase from the Vendor, free from any encumbrances whatsoever, the Sale Shares, representing 70% of the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement and Completion.

Consideration

The Consideration for the Sale Shares shall be HK$210,000,000 payable by the Purchaser to the Vendor in the following manner:

1. HK$16,000,000 shall be payable in cash, of which:

   (a) HK$3,200,000 shall be payable on 15 April 2018, or one (1) month after the date of Completion, whichever is later;

   (b) HK$3,200,000 shall be payable on 15 July 2018, or four (4) months after the date of Completion, whichever is later;

   (c) HK$3,200,000 shall be payable on 15 October 2018, or seven (7) months after the date of Completion, whichever is later;

   (d) HK$3,200,000 shall be payable one (1) year after the date of Completion; and

   (e) HK$3,200,000 shall be payable two (2) years after the date of Completion.

2. HK$194,000,000 shall be settled by the issuance of the Promissory Notes by the Company upon Completion as to the following amount:

   (a) Promissory Note in the amount of HK$60,000,000 which shall mature on 30 June 2019 (the "**1st Promissory Note**");

   (b) Promissory Note in the amount of HK$32,000,000 which shall mature on 30 June 2020 (the "**2nd Promissory Note**");

   (c) Promissory Note in the amount of HK$32,000,000 which shall mature on 30 June 2021 (the "**3rd Promissory Note**"); and

   (d) Promissory Note in the amount of HK$70,000,000 which shall mature on 30 June 2022 (the "**4th Promissory Note**").

The Company intends to repay the outstanding amount of the Promissory Notes by its internal resources, and if necessary and appropriate, equity or debt financing. The Consideration has been negotiated between the parties on an arm's length basis with reference to (i) historical performance of the Target Group and future business prospects of the Target Group and the benefits to be derived by the Group as detailed in the paragraph headed "Reasons for and benefits of the Acquisition" below; (ii) the amount of profit guarantees provided by the Vendor under the Sale and Purchase Agreement as set out under the section headed "The Profit Guarantees and the Put Option" below; and (iii) the valuation of 70% equity interest of the Target Group at HK$217,000,000 as at 30 November 2017 prepared by IVL based on income approach, as set out in Appendix IV to this circular which was determined using generally accepted valuation approach in accordance with the professional standard governing valuation. The valuation method used for the valuation of the Target Group was based on discounted cash flow ("**DCF**") using income-based approach, which is regarded as profit forecast under Rule 19.61 of the GEM Listing Rules.

The valuation report for the Target Group is set out in Appendix IV of this circular. For the purpose of Rule 19.62 of the GEM Listing Rules, (i) principal assumptions upon which the valuation is based are set out in the valuation report; (ii) a letter from the Company's auditors confirming that they have reviewed the accounting policies and calculations for the forecast and containing their report is set out in Appendix V; and (iii) a letter from the Board confirming that it has made the forecast after due and careful enquiry is set out in Appendix VI.

Valuation of the Target Group

Methodology used in the valuation

In the process of appraising the equity interest of the Target Group, IVL relied primarily on the income approach in the form of a DCF methodology. The Directors concur with IVL that the cost approach is not appropriate as it tends to understate the value of an income-generating business. The Directors also concurs with IVL that the market approach is not appropriate by reason that the Target Group is private and direct comparison with public companies is less preferred due to guideline company and valuation subject rarely are exactly the same in products, services and development stage. The income approach which measures the present worth of the net economic benefit to be received and focuses on the income-generating capability of the Target Group, was considered by IVL and concurred by the Directors as the most appropriate approach for assessing the equity interest of the Target Group. Under the income approach, the DCF method was used by IVL, which estimated the market value of the Target Group by discounting the future free cash flows to be generated by the Target Group, including revenues and costs, at a relevant rate of return required by equity to its present value.

Discount rate

A discount rate of 15% was used by IVL in discounting the future free cash flows generated by the Target Group. IVL calculated a market derived weighted-average cost of capital (the "**WACC**") for the Target Group and the basis of determination for each component of the WACC is set out in Appendix IV to this circular. Based on the discussion with IVL about the bases used for determining the discount rate, the Directors considered that such rate is justifiable. Concerning the discount for lack of marketability (the "**DLOM**"), the equity interest of the Target Group itself is not readily marketable as a public listed company. IVL therefore applied a DLOM discount of 25% to the net present value of the future free cash flows of the Target Group. The Company has discussed with IVL and understood that, in determining the DLOM, IVL made reference to research studies on the average discounts for closely held companies.

Major bases and assumptions used in the financial projections

The major assumptions used by IVL in the valuation include the followings:

- all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry;

- the projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialized;

- there will be sufficient supply of technical staff in the industry in which the Target Group operates, and the Target Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- there will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- there will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group;

- interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing;

- the Target Group will successfully carry out its plan as planned in the projection, and there will be no material change in its business strategy; and

- the availability of finance will be not a constraint on the development of the Target Group in accordance with the projection.

Elite has examined the calculations of the DCF in which the valuation report was based and reported to the Directors the arithmetical accuracy of the calculations of and whether the DCF in connection with the valuation of a 100% equity interest in the Target Group prepared by IVL as set out in the valuation report, as far as the calculations are concerned, have been properly complied with the assumptions described above. Since the valuation report is based on DCF, no accounting policies of the Company were adopted. The Directors are solely responsible for the preparation of the DCF in accordance with the bases and assumptions determined by the Directors. The assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the valuation and the variation may be material.

In addition, to assess the above valuation methodology and assumptions applied by IVL, the Directors have reviewed the valuation report and discussed with IVL the valuation results, including bases and assumptions used, the valuation approach employed and the reasons therefor. The Directors have discussed the overall approach to the valuation and asked for the rationale behind in selecting the relevant valuation methodology for the Target Group. Overall, the Directors are advised by IVL that valuation of the Target Group was carried out in compliance with the International Valuation Standards. Given the valuation methodology applied by IVL is generally accepted and the fact that the valuation was carried out in accordance with the relevant standards, the Directors concur with IVL on the valuation approach and assumptions that it has taken in valuation of the Target Group and consider the valuation report is fair and reasonable.

In order to assess whether IVL is suitably qualified, the Directors have enquired its qualification and experience. The Board has reviewed the credentials provided by IVL and publicly available information on IVL's experience and noted that it is specialised in provision of corporate consultancy and valuation services with abundant experience in providing services to Hong Kong listed companies and multi-national companies. Meanwhile, Mr. Andy Wong, a senior vice president of IVL, who is responsible for signing the valuation report contained in the Appendix IV to this circular, is a member of Chartered Financial Analyst Institute and a member of American Institute of Certified Public Accountants and has been practicing valuation since 2012. Similarly, the Board noted that Mr. Andy Wong of IVL has substantial experience in providing valuation services to listed companies. The Directors understand from their enquiry with IVL that it is a third party independent of the Group, the Target Group and any parties acting in concert with any of them and did not have any business relationship except the issue of valuation report of the Target Group. The Directors have also reviewed the scope of services provided under the engagement of IVL by the Company and noted that the scope of work is appropriate to the opinion given in the valuation report and there were no limitations on the scope of work. Thus, the Directors consider IVL is qualified and possesses sufficient relevant experience and resources in performing the valuation of the Target Group.

The Promissory Notes

The principal terms are summarised below:

Issuer	:	The Company
Principal amount to be issued	:	HK$194,000,000 in aggregate, as to: HK$60,000,000 for the 1st Promissory Note HK$32,000,000 for the 2nd Promissory Note HK$32,000,000 for the 3rd Promissory Note HK$70,000,000 for the 4th Promissory Note
Maturity Date	:	30 June 2019 for the 1st Promissory Note 30 June 2020 for the 2nd Promissory Note 30 June 2021 for the 3rd Promissory Note 30 June 2022 for the 4th Promissory Note

Interest	:	4% per annum on the outstanding principal amount of the Promissory Notes, payable on the respective maturity dates
Transferability	:	Subject to the prior written consent of the Company, the Promissory Notes are freely transferrable
Early redemption	:	At the sole discretion of the Company, the Promissory Notes may at any time prior to the respective maturity dates be redeemed by the Company in full or in part with interest on the redeemed amount accrued up to the date of redemption calculated pro rata on a 365-day basis at 4% per annum, by serving thirty (30) days prior written notice to the holder of the relevant Promissory Notes
Status	:	The Promissory Notes will constitute direct, unsubordinated and unsecured contractual obligations of the Company which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company
Condition	:	The payment obligation of the Company under the Promissory Notes is subject to the profit guarantees having been fulfilled and the shortfall (where relevant) having been settled
Listing	:	No application will be made for listing of, or permission to deal in, the Promissory Notes on the Stock Exchange or any other stock exchange

The interest rate of 4% per annum was determined after arm's length commercial negotiation between the Purchaser and the Vendor with reference to the prevailing market condition, the rates adopted by other listed companies in Hong Kong when issuing promissory notes and the financial position of the Company. When determining the interest rate of the Promissory Notes, the Directors noted that the current Hong Kong Dollar best lending rate or prime rate offered by certain commercial banks in Hong Kong is 4-5% per annum. In view of the above, the Directors consider the terms of the Promissory Notes are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Conditions precedent

Completion is conditional upon the following conditions being satisfied to the satisfaction of the Purchaser or waived:

(a) the Purchaser being satisfied with the results of the due diligence review conducted on the Target Group;

(b) all necessary consents, approvals, permits, authorisations, waivers or notices required to be obtained on the part of the Vendor having been obtained from the relevant third parties (if required) in connection with the transactions contemplated under the Sale and Purchase Agreement;

(c) the warranties remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and Completion and the Vendor having fully performed and complied with its obligations, agreements and covenants under the Sale and Purchase Agreement;

(d) there having been no change, event, circumstance or other matter that has or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on (i) the ability of the Vendor to perform its obligations under the Sale and Purchase Agreement; or (ii) the business, operation, assets and liabilities, condition (financial or otherwise), results of operations or prospects of the Group;

(e) the Shareholders having approved the Sale and Purchase Agreement and the transactions contemplated thereunder at the general meeting as required by the GEM Listing Rules;

(f) a deed of indemnity having executed by the Vendor in favour of the Purchaser; and

(g) all liabilities of the Target Group (including the outstanding loan owed to Industrial and Commercial Bank of China (Asia) Limited by BOSS and the amounts due to director, related company and shareholder, as applicable) having been settled and repaid.

The Purchaser may waive all or any of the conditions (other than condition (e) above) at any time by notice in writing to the Vendor. The condition (g) above is waivable in order to allow flexibility to the transaction which is consistent with commercial practice. However, the Company currently has no intention to waive such condition. In the event that any of the conditions precedent mentioned above shall not have been fulfilled (or waived) prior to 30 June 2018 (or such other date as the parties may agree) then the Purchaser shall not be bound to proceed with the purchase of the Sale Shares and the Sale and Purchase Agreement shall cease to be of any effect except certain clauses therein which shall remain in force and save in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement.

As at the Latest Practicable Date, conditions precedent (a) – (d), and (f) have been fulfilled.

Completion

As not all the conditions precedent mentioned above have been fulfilled or waived, Completion has not taken place. Upon Completion, the Target Company will become a subsidiary of the Company and accordingly, the financial information of the Target Group will be consolidated into the accounts of the Group.

The Profit Guarantees and the Put Option

The Vendor irrevocably and unconditionally warrants and guarantees to the Purchaser that the audited consolidated net profit after tax (the "**Audited Profit**") of the Target Group for the financial years of 31 March 2018 and 31 March 2019 (the "**Relevant Periods**") as stated in the audited consolidated financial statements of the Target Group for the Relevant Periods (the "**Audited Accounts**") to be prepared by the auditors (as nominated by the Purchaser) under the Hong Kong Financial Reporting Standards shall not be less than HK$11,700,000 and HK$15,000,000 respectively (the "**Relevant Guaranteed Amounts**", and in aggregate, the "**Total Relevant Guaranteed Amounts**"). The Relevant Guaranteed Amounts were arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to (i) the historical performance of the Target Group during the years ended 31 March 2016, 2017 and the period from 1 April 2017 to 30 November 2017; and (ii) the projected net profit of the Target Group based on existing contracts (i.e. contracts for projects which have commenced as at the date of the Company's announcement of 19 January 2018 (the "**Announcement**")) , framework and new contracts signed (i.e. contracts for projects which have not yet commenced as at the date of the Announcement) which will bring new business opportunities. In particular, the benchmark of HK$11,700,000 was determined with reference to the audited net profit after tax of the Target Group for the eight months ended 30 November 2017 of approximately HK$7,195,000 and the contracts on hand, whereas, HK$15,000,000 was determined with reference to the contracts on hand and the prospective financial information with assumptions set out in Appendix IV to this circular. With reference to the management accounts of the Target Group for the eleven months ended February 2018, the Target Group had net profit of HK$11.3 million which had already met approximately 97% of the profit guaranteed amount for the financial year of 31 March 2018.

As at the Latest Practicable Date, there are 95 signed sales contracts on hand which consist of (i) maintenance fees on all systems and software procured by customers previously (the "**Sold Systems and Software**") amounting to HK$3.3 million, (ii) enhancement and upgrade fee of the Sold Systems and Software amounting to HK$0.5 million; (iii) licence of software and point of sales system for use by customers amounting to HK$0.1 million; and (iv) sales revenue of key products including the SmartWin POS system, SmartWin Mobile POS system ("**Mobile POS**") and SmartWin VIP APP ("**Membership App Solution**") amounting to HK$4.6 million with aggregate value of approximately HK$8.5 million. The major sales quotations on hand include provision of point of sales system and system implementation service for sizable local conglomerate retail shops and provision of membership management, membership 'card', coupon redemption system for sizable local fashion appeal retailers with aggregate value of approximately HK$2.0 million.

Based on the foreseeable trend with reference to the latest management accounts, the signed sales contracts and quotations, average historical revenue growth rate of 16.6%, the launch of new products and the strong growth of the industry in which the Target Group engaged as disclosed under the paragraph headed "Information of the Target Group" below, the Directors expect the Target Group's operation especially its revenue and net profit will maintain strong growth in the coming years and thus the Relevant Guaranteed Amounts are considered to be fair and attainable based on the Target Group's historical performance and future prospects. The Vendor shall procure that the Audited Accounts will be issued within three months from the end of the Relevant Periods.

In the event that the Audited Profit of any Relevant Period is less than the Relevant Guaranteed Amount in the Relevant Period (the "**Shortfall**"):

(a) for any one financial year, the Vendor shall pay to the Purchaser a compensation within thirty (30) Business Days upon the written request of the Purchaser. The amount of such compensation (the "**Compensation**") for a year during the Relevant Period shall be calculated as follows:

$$\begin{array}{c}\text{Amount of}\\\text{compensation}\\\text{for a year during}\\\text{the Relevant Period}\end{array} = \frac{\text{Consideration}}{\begin{array}{c}\text{Total Relevant Guaranteed}\\\text{Amounts}\end{array}} \times \text{Shortfall}$$

Such Compensation shall be deductible from the principal amount of the Promissory Notes, in which case the Vendor shall cause the relevant Promissory Note (the "**Relevant Promissory Note**") to be returned to the Company for cancellation, whereupon the Company shall deduct the amount of Compensation from the principal amount of the Relevant Promissory Note and issue a new promissory note in the balance amount to the Vendor. In the event the principal amount of the Promissory Notes is less than the amount of the Compensation, the Purchaser shall be entitled to demand for the payment of the difference from the Vendor in cash. For the avoidance of doubt, the Compensation shall be deducted from the Promissory Notes in the sequence starting from the Promissory Note with the earliest maturity date. The Company is of the view that the likelihood of demanding difference in cash is low as the principal amounts of Promissory Notes to be issued to the Vendor well exceed the amount of the Profit Guarantees and the Profit Guarantees are achievable due to reasons mentioned above; or

(b) the Purchaser shall have the right during the period from the issue of the Audited Accounts in the Relevant Periods to three months from the end of the Relevant Periods (both days inclusive) and at its full discretion to sell the Sale Shares to the Vendor at the price equivalent to the Consideration already settled by the Purchaser as at the date of sale, whereupon the Vendor shall have the obligation to purchase the Sale Shares at such price (the "**Put Option**").

For the avoidance of doubt, if a loss is recorded in the Audited Accounts, the Audited Profit shall be deemed as zero for the purpose of calculating the Shortfall.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Vendor. Upon Completion, the Purchaser and the Vendor will hold 70% and 30% of the entire issued share capital of the Target Company respectively. The Target Company owns 100% of the issued share capital of BOSS, which in turn owns 55% shareholding interest in BOSS HK and 99% equity interest in BOSS GZ. The remaining 1% equity interest of BOSS GZ is owned by a company controlled by the brother of the ultimate shareholder of the Vendor and others. Save for its interests in BOSS, the Target Company has no material operation and assets. The Target Group has been in the information technology industry for more than ten years. It is principally engaged in the provision of software solution in retail, distribution and accounting sectors including point-of-sales system, ordering and inventory system and accounting system, with the objective of providing commercial software applications and retail and distribution solutions which are suitable for global operation.

Business Model of the Target Group

The Target Group has been in the information technology industry in Hong Kong for more than ten years. As at the Latest Practicable Date, the Target Group principally engages in the provision of computer software services. The key products developed include point-of-sales system, mobile point-of-sales system, booking system and mobile applications providing front-end, back-end, customer relationship, membership and promotion management software solutions to retailers and distributors. Revenue of the Target Group was primarily generated from projects sums which are collected based on phases and maintenance service fees which refer to annual service packages offered to customers.

Customers

The Target Group has a diversified client base which includes local or multinational listed corporations and renowned local groups in various sectors, such as cosmetics, apparel and footwear, beauty and cosmetics, food and beverage, and furniture and home appliance.

Suppliers

Due to the nature of its principal business activities, the Target Group has no major suppliers. The Target Group is equipped with a fully dedicated team of software programmers and technicians in system analysis and development, and a team of software support with expertise in system deployment and consultation.

Management Team

It is intended that the current key management of the Target Group will be retained after Completion and the Board believes that it is efficient for the long-term operation of the Target Group. The Company will rely on the existing management of the Target Company to run and operate the same after the Acquisition. Set out below is the key management of the Target Group.

Mr. NG Sing Kung Roy ("**Mr. Ng**"), aged 46, is a director of the Target Group and the chief executive officer of BOSS. Mr. Ng is responsible for supervising overall management and strategy planning of the Target Group as well as their daily operation and management. As one of the founders of BOSS, Mr. Ng was appointed as the director and has worked as the chief executive officer of BOSS since 2003. Mr. Ng is a highly experienced engineer and programmer with over 15 years of experience in the information technology and software system industry.

Mr. Ng contributed his business endeavour and undergone years to develop BOSS in terms of computer software systems including point-of-sale system, ordering and inventory system and accounting system. He leads and trains two teams of experts in (i) system analysis and development; and (ii) software support.

With Mr. Ng's advanced computer programming knowledge and contribution from his team, BOSS has successfully developed some key products which are prevailing in market, including point-of-sale system, mobile point-of-sale system, booking system and mobile application. The Target Group has achieved the milestone of becoming one of the renowned software solutions service provider with diversified client base in Hong Kong.

In addition, the Company will nominate Mr. Lo Chun Kit Andrew, who is the Chairman, CEO and an executive Director of the Company, to be a director of the Target Company as a board representation of the Company to oversee the management of the Target Company. Mr. Lo is experienced in electronic payment solutions having over 19 years of experience in the industry with nine years accumulated in electronic payment solution development in Hong Kong, for example, participating in the development of payment software for credit card terminal; and one year in a bank in Hong Kong responsible for credit card payment support services for merchants in Hong Kong and Macau. The Company believes that his aforesaid experiences are valuable to the Target Group which is principally engaged in the provision of software solution in retail, distribution and accounting sectors including point-of-sale system, ordering and inventory system and accounting system.

Further, daily operation of the Target Company will be executed by the existing management whereas a new CEO will be appointed to provide strategic guidance to the Target Company after the Acquisition.

Industry Overview

According to ICT Development Index 2017, Hong Kong has a strong information and communication technology (the "**ICT**") infrastructure and is continuously ranked among the best in the world in terms of digital readiness and internet access capabilities. Hong Kong ranked second in Asia and sixth in the world according to the annual global ICT Development Index published by International Telecommunication Union in November 2017 (http://www.itu.int/net4/ITU-D/idi/2017/). Further, according to the World Economic Forum's Networked Readiness Index 2016 (editors: Silia Baller, Attilio Di Battista, Soumitra Dutta and Bruno Lanvin), Hong Kong ranked third in Asia and twelfth globally in terms of readiness to participate in and benefit from IT developments (http://www3.weforum.org/docs/GITR2016/WEF_GITR_Chapter1.1_2016.pdf). As per Research on Big Data Adoption in Hong Kong Retail Sector (Hong Kong Productivity Council, October 2016), under the growing trend of smart city development, many managements especially in retail sectors are starting to emphasize the importance of big data assets obtained by a one-stop centralized point of sale system, with different payment methods, financial information analysis and many in-app lifestyle features to support their managerial and marketing decisions (https://www.hkpc.org/images/stories/Industry_suport_service/Lastest_News/2016/Report_-_Research_on_Big_Data_Adoption_in_Hong_Kong_Retail_Sector_vf.pdf).

In light of the above, together with well-educated and technical know-how population and over 50 million visitors annually, Hong Kong is an ideal place to integrate digital innovation into the traditional business experience. It is expected that there will be an increasing trend of companies in different business sectors forming collaboration with payment solutions companies to combine commercial experience with technology expertise to offer smart payment solutions to customers in Hong Kong. With reference of the recent formation of a strategic partnership between CK Hutchison Holdings Limited ("**CK Hutchison**") and Ant Financial Services Group (which operates Alipay) in developing the payment solutions by forming a joint venture to integrate online and offline payments and expand digital payment service to the customers in Hong Kong, where Alipay service will be available in CK Hutchinson's vast network of shops, the payment solutions industry has been playing a more important role in terms of service industry, especially in the retail sector. The payment solutions industry has also been continuously gaining awareness among the public by serving the region. Taking into account the industry prospects, the Company intends through the Acquisition, *inter alia*, to integrate the software solutions developed by the Target Group with the electronic fund transfer at point-of-sale ("**EFT-POS**") terminal and software solutions of the Company in order to enhance one-stop integrated payment solutions for its clients.

The following is a summary of the audited consolidated financial information of Target Company:

	For the year ended 31 March 2016	**For the year ended 31 March 2017**
	HK$'000	*HK$'000*
Revenue	11,535	11,155
Profit before tax	650	5,100
Profit after tax attributable to equity holders of Target Company	737	4,230
Net assets	702	4,807

INFORMATION OF THE VENDOR

Based on the information provided by the Vendor, the Vendor is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Ng, being an Independent Third Party. The Vendor is principally engaged in investment holding and currently holds the entire issued share capital of the Target Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of EFT-POS solutions focusing on providing EFT-POS terminal and peripheral device sourcing and EFT-POS system support services in Hong Kong.

The Company has been actively looking for opportunities to maximize return to the Company and the Shareholders by investing in businesses or projects that have promising outlooks and prospects, in particular, the complementary business or software developer business. The Directors consider that the Acquisition could provide an opportunity to the Company to enlarge the market share of the software solutions business and to explore more business opportunities in payment solutions so as to strengthen the Company's financial position and maintain its growth in Hong Kong. The Board is of the view that the Acquisition will allow opportunities to integrate software solutions developed by the Target Group with EFT-POS terminals and peripherals of the Company. Accordingly, the Acquisition will provide synergy effect for the Company as the business of the Target Group will complement the services offered by the Company.

In light of the above, through running the retail point-of-sale system, ordering and inventory system and accounting system in retail, distribution and accounting sectors, the Target Group can add value and refer customers and merchants to the Company to generate more income to the Company's EFT-POS solutions and system support business in Hong Kong.

Through the Acquisition, the Company anticipates to be enable to achieve, among others, the followings:–

(a) the Company will be able to integrate its EFT-POS terminals and software solutions with the Target Group's retail point-of-sale system, together with the ordering and inventory system and accounting system so that the client can obtain real time payment status, inventory and accounting information which are useful for further business uses. This can provide synergy and enhance one-stop integrated payment and point-of-sale solution services to the client as well as promoting the Company's reputation;

(b) the Company can make use of the Target Group's existing strong client base to explore more business opportunities in payment solutions industry. Additionally, the Company's influence in the retail industry will further increase, in particular, the Company will be able to maintain its growth and the pioneer position in the complementary business or software developer business; and

(c) the Company has entered into a subscription agreement with Open Sparkz Pty Ltd ("**Open Sparkz**") on 22 November 2017 to subscribe for the subscription shares, which represents 25% of the enlarged issued share capital of Open Sparkz. Details of the subscription were disclosed in the Company's third quarterly report for the nine months ended 31 December 2017. Open Sparkz is incorporated in Australia and is principally specialising in highly automated offers and rewards solutions using front of wallet credit, debit and prepaid cards. Through this investment, the Company can make use of the technology to upgrade the retail reward and loyalty membership program by deploying the integration with the point of sale system and software solutions of the Target Group. This can strengthen and drive the mutual benefits and synergies for the long-term business growth of the Company.

The terms of the Sale and Purchase Agreement were arrived at after arm's length negotiations between the Purchaser and the Vendor. Having regard to the positive historical financial performance and business prospects of the Target Group, the nature of and benefits (including the synergy to be created) from the Acquisition as set out above, the Board considers that the terms of the Sale and Purchase Agreement are normal commercial terms and fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Company will become a subsidiary of the Company and the financial information of the Target Group will be consolidated into the accounts of the Group. Based on the unaudited pro forma statement of assets and liabilities of the Enlarged Group as set out in Appendix III to this circular, the unaudited pro forma total assets of the Enlarged Group would be approximately HK$277,649,000 and the unaudited pro forma total liabilities of the Enlarged Group would be approximately HK$211,790,000 as at 30 November 2017. Having taken into account the reasons for and benefits of the Acquisition discussed in the section headed "Reasons for and benefits of the Acquisition" above and in view of the profitable financial performance of the Target Group, the Directors consider that the Acquisition will improve the Group's financial and trading prospects in the future and contribute positively to the revenue base of the Enlarged Group. Nevertheless, the actual effect on earnings of the Group will depend on the future financial performance of the Target Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) exceed 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules. For the purpose of applying the percentage ratios under the GEM Listing Rules, the Company proposed, and the Stock Exchange accepted, that a comparison of gross profit be used as an alternative to the profits ratio. The reason for using the alternative test is that the Company was listed in December 2016 and listing expenses accounted for in the results for the year ended 31 March 2017, which affected the Group's net profit, were of a one-off nature and were not incurred in the ordinary course of business of the Group.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and therefore, no Shareholder is required to abstain from voting on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

A notice convening the EGM to be held at Workshop A1, 4/F, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong on Thursday, 31 May 2018 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is fair and reasonable, is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board of
EFT Solutions Holdings Limited
Lo Chun Kit Andrew
Chairman and Chief Executive Officer

1. FINANCIAL SUMMARY

The financial information of the Group for each of the two financial years ended 31 March 2015 and 31 March 2016 are disclosed in the Prospectus and the financial information of the Group for the financial year ended 31 March 2017 is disclosed in the Company's annual report, and are incorporated by reference into this circular. The said Prospectus and annual report of the Company have been posted on the website of the Stock Exchange at http://www.hkex.com.hk and the website of the Company at https://www.eftsolutions.com/.

The financial information of the Group for each of the two financial years ended 31 March 2015 and 31 March 2016 are disclosed in the Prospectus, from pages I-4 to I-41. The quick link is below:

http://www.hkexnews.hk/listedco/listconews/GEM/2016/1205/GLN20161205003.pdf

The financial information of the Group for the financial year ended 31 March 2017 is disclosed in the annual report of the Company for the financial year ended 31 March 2017 published on 28 June 2017, from pages 51 to 95. The quick link is below:

http://www.hkexnews.hk/listedco/listconews/GEM/2017/0628/GLN20170628033.pdf

2. INDEBTEDNESS

Indebtedness of the Enlarged Group

At the close of business on 31 March 2018, being latest practicable date prior to this circular for ascertaining certain information relating to the indebtedness statement, the indebtedness of the Enlarged Group was as follows:

Obligation under finance lease

The Enlarged Group had outstanding obligation under finance leases of approximately HK$84,000, which was secured by the charges over the leased assets.

Bank borrowings

The Enlarged Group had an outstanding principal bank borrowings of approximately HK$5,000,000, which was unsecured, interest rate at 3.5% per annum and repayable within one year.

Apart from intra-group liabilities, the Enlarged Group at the close of business on 31 March 2018 did not have any loan capital and/or debt securities issued and outstanding or agreed to be issued or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills, if any) or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account the expected completion of the Acquisition, the internal financial resources available and the existing available facilities of the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Enlarged Group is a leading 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.

With the growing trend and demands of electronic payment in Hong Kong, the Enlarged Group positions itself 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. In order to strengthen the Enlarged Group's financial position, maintain its growth and enlarge the market share of the software solutions business in Hong Kong, the management of the Enlarged Group would make every endeavor to explore more business opportunities or projects that have promising outlooks and prospects.

PART A. ACCOUNTANTS' REPORT ON THE TARGET GROUP

The following is the text of the accountant's report on the Target Group prepared for the purpose of incorporation in this circular, received from the reporting accountants, Elite Partners CPA Limited.

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

10/F, 8 Observatory Road,
Tsimshatsui,
Hong Kong

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EFT SOLUTIONS HOLDINGS LIMITED

INTRODUCTION

We set out below our report on the financial information relating to Earn World Development Limited (the "**Target Company**") and its subsidiaries (together, the "**Target Group**"), which comprises the statements of consolidated financial position of the Target Group as at 31 March 2015, 2016, 2017 and 30 November 2017 and the consolidated statements of profit or loss and other comprehensive income, the statements of changes in equity and the Statements of cash flow, for each of the years ended 31 March 2015, 2016, 2017 and the eight months ended 30 November 2017 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (the "**Financial Information**"), for inclusion in the circular of EFT Solutions Holdings Limited (the "**Company**") dated 14 May 2018 (the "**Circular**") in connection with the acquisition of the Target Group (the "**Acquisition**").

The Target Company was incorporated in the British Virgin Islands on 28 November 2017 as a limited liability company.

During the Relevant Periods and up to date of this report, the Target Company has direct and indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of subsidiaries	Legal form, date and place of incorporation/ establishment and operation	Issued and fully paid share capital/ paid up capital	Proportion ownership interest held by the Target Company	Principal activity
Business Operating Software Solution Limited ("**BOSS**")	Company incorporated in Hong Kong with limited liability on 10 March 2003	HK$10	100% (direct)	Provision of software services
M3 Hong Kong Limited ("**BOSS HK**")	Company incorporated in Hong Kong with limited liability on 11 September 2014, Hong Kong	HK$100	55% (indirect)	Provision of IT services
廣州寶仕軟件有限公司 (Guangzhou Boss Software Limited*) ("**BOSS GZ**")	Company established in the PRC with limited liability on 24 October 2010	RMB1,200,000	99% (indirect)	Provision of software services

As at the date of this report, no audited financial statements have been prepared for the Target Company as it is not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of BOSS and BOSS HK for which there are statutory requirements were prepared in accordance with Small and Medium-sized Entity Financial Reporting Standard ("**SME-FRS**"). No statutory financial statements have been prepared for BOSS GZ for the financial years ended 31 December 2016 and 2017, as there is no statutory requirement for this company to issue financial statements in its respective places of establishment.

The directors of the Target Company are responsible for the preparation of the financial statements of the Target Group for the Relevant Periods that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**"), and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "**HKSAs**") issued by the HKICPA pursuant to separate terms of engagement.

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Target Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance, and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error. The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion on the Financial Information for the Relevant Periods based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing and the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the consolidated financial position of the Target Group as at 31 March 2015, 2016, 2017 and 30 November 2017 and of the Target Group's financial performance and cash flows for the Relevant Periods.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix II to the Circular which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Group for the period from 1 April 2016 to 30 November 2016 and a summary of significant accounting policies and other explanatory information (the "**Stub Period Comparative Financial Information**").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section II below and the accounting policies adopted by the Group as set out in the annual report of the Company for the year ended 31 March 2017.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong
14 May 2018

Yip Kai Yin
Practising Certificate No.: P05131

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 Mar			Eight months ended 30 November	
		2015	**2016**	**2017**	**2016**	**2017**
	Notes	*HK'000*	*HK'000*	*HK'000*	*HK'000*	*HK'000*
					(Unaudited)	
Revenue	*4*	10,465	11,535	11,155	7,967	13,780
Cost of goods sold and services		(2,867)	(4,145)	(3,473)	(2,336)	(2,249)
Gross profit		7,598	7,390	7,682	5,631	11,531
Other income	*5*	144	58	42	28	27
Administrative expenses		(7,412)	(6,735)	(2,567)	(2,390)	(2,405)
Finance costs	*6*	(46)	(63)	(57)	(38)	(27)
Profit before tax	*7*	284	650	5,100	3,231	9,126
Income tax expenses	*8*	(90)	(102)	(964)	(644)	(1,931)
Profit for the year/period		194	548	4,136	2,587	7,195
Other comprehensive loss that may be reclassified subsequently to profit or loss:						
Exchange difference arising on translation of financial statement of foreign operations		(25)	(27)	(31)	(15)	(23)
Total comprehensive income for the year		169	521	4,105	2,572	7,172
Profit for the year attributable to:						
– Owners of the Target Company		365	737	4,230	2,675	7,197
– Non-controlling interests		(171)	(189)	(94)	(88)	(2)
Profit for the year		194	548	4,136	2,587	7,195
Total comprehensive loss for the year attributable to:						
– Owners of the Target Company		340	711	4,199	2,668	7,184
– Non-controlling interests		(171)	(190)	(94)	(96)	(12)
		169	521	4,105	2,572	7,172

The accompanying notes form part of the Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 March 2015 HK'000	As at 31 March 2016 HK'000	As at 31 March 2017 HK'000	As at 30 November 2017 HK'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	10	17	545	409	331
Available for sale financial assets		1,898	–	–	–
		1,915	545	409	331
Current assets					
Trade receivables	11	1,691	752	1,001	8,178
Deposit, prepayment and other receivables		187	313	6	9
Amount due from a director	12	–	–	856	4,614
Amount due from a related company	13	2,007	1,761	1,482	1,328
Tax prepaid		26	107	–	–
Cash and cash equivalents		3,447	4,568	7,299	5,651
		7,358	7,501	10,644	19,780
Non-current liabilities					
Obligations under finance leases	14	–	220	84	–
Current liabilities					
Trade payables	15	2,983	2,660	1,186	516
Accruals and other payables		43	38	50	50
Receipt in advance		–	–	1,744	2,059
Bank borrowings	16	2,007	1,748	1,482	1,325
Obligations under finance leases	14	–	132	136	141
Amount due to a director	12	2,755	1,720	–	–
Amount due to a shareholder	13	725	725	725	1,273
Amount due to a related company	13	491	–	–	–
Tax payables		88	101	839	2,768
		9,092	7,124	6,162	8,132
Net current (liabilities)/assets		(1,734)	377	4,482	11,648
Net assets		181	702	4,807	11,979

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		As at 31 March			As at 30 November
		2015	**2016**	**2017**	**2017**
	Notes	*HK'000*	*HK'000*	*HK'000*	*HK'000*
CAPITAL AND RESERVES					
Equity attributable to owners of the Target Company					
Share capital	*17*	78	78	78	78
Reserves		271	982	5,181	12,345
		349	1,060	5,259	12,423
Non-controlling interest		(168)	(358)	(452)	(444)
Total equity		181	702	4,807	11,979

The accompanying notes form part of the Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Exchange reserve	Retained profits	Sub-total	Non-controlling interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2014	78	(68)	(1)	9	3	12
Profit for the year	–	–	365	365	(171)	194
Other comprehensive expenses – exchange differences arising on translation of financial statement of foreign operation	–	(25)	–	(25)	–	(25)
Total comprehensive income for the year	–	(25)	365	340	(171)	169
At 31 March 2015	78	(93)	364	349	(168)	181
Profit for the year	–	–	737	737	(189)	548
Other comprehensive expenses – exchange differences arising on translation of financial statement of foreign operation	–	(26)	–	(26)	(1)	(27)
Total comprehensive income for the year	–	(26)	737	711	(190)	521
At 31 March 2016	78	(119)	1,101	1,060	(358)	702
Profit for the year	–	–	4,230	4,230	(94)	4,136
Other comprehensive expenses – exchange differences arising on translation of financial statement of foreign operation	–	(31)	–	(31)	–	(31)
Total comprehensive income for the year	–	(31)	4,230	4,199	(94)	4,105
At 31 March 2017	78	(150)	5,331	5,259	(452)	4,807
Profit for the year	–	–	7,197	7,197	(2)	7,195
Other comprehensive expenses – exchange differences arising on translation of financial statement of foreign operation	–	(13)	–	(13)	(10)	(23)
Total comprehensive income for the year	–	(13)	7,197	7,184	(12)	7,172
At 30 November 2017	78	(163)	12,528	12,443	(464)	11,979

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Period ended 30 November	
	2015	2016	2017	2016	2017
	HK'000	*HK'000*	*HK'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Cash flows from operating activities					
Profit before tax	284	650	5,100	3,231	9,126
Adjustments for:					
Depreciation of property, plant and equipment	8	140	136	93	82
Interest income	(144)	(58)	(42)	(28)	(27)
Finance costs	46	63	57	38	27
Operating profit before working capital changes	194	795	5,251	3,334	9,208
(Increase)/Decrease in trade receivables	(811)	939	(249)	(1,800)	(7,177)
(Increase)/Decrease in deposit/prepayments and other receivables	(37)	(199)	414	(1)	(3)
(Increase)/Decrease in amount due from a related company	792	(245)	279	(204)	154
Increase/(Decrease) in trade and other payables	1,654	(328)	(1,462)	(345)	(355)
Increase/(Decrease) in amount due to a director	1,835	(1,035)	(832)	642	(3,200)
Increase in amount due to a shareholder	725	–	–	–	548
Cash generated from/(used in) operations	4,352	(73)	3,401	1,626	(825)
Income tax paid	(19)	(89)	(226)	–	(2)
Net cash generated from/(used in) operating activities	4,333	(162)	3,175	1,626	(827)
Cash flows from investing activities					
Interest income	144	58	42	28	27
Purchase of property, plant and equipment	–	–	–	–	(4)
(Investment)/Disposal in available-for-sale financial assets	(1,898)	1,898	–	–	–
Net cash (used in)/generated from investing activities	(1,754)	1,956	42	28	23
Cash flow from financing activities					
Repayment of bank borrowings	(252)	(259)	(266)	(176)	(157)
Repayment of finance lease	–	(332)	(140)	(93)	(79)
Interest paid	(46)	(47)	(49)	(38)	(27)
Net cash used in financing activities	(298)	(638)	(455)	(307)	(263)
Net increase/(decrease) in cash and cash equivalents	2,281	1,156	2,762	1,347	(1,067)
Cash and cash equivalents at the beginning of the year/period	2,008	3,447	4,568	4,568	7,299
Effect of exchange rate changes	(842)	(35)	(31)	192	(581)
Cash and cash equivalents at the end of the year/period, **Represented by cash and bank balances**	3,447	4,568	7,299	6,107	5,651

The accompanying notes form part of the Financial Information.

II. NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Corporate information and reorganisation

Prior to its proposed acquisition by the Company, Target Company underwent a corporate reorganisation which included the following:

– On 28 November 2017, the Target Company, which controlled by Vendor, was incorporated and the entire equity interests of BOSS were transferred to the Target Company on 17 January 2018.

Accordingly, for the purpose of the preparation of the Financial Information, the Target Company is considered as the holding company of the companies now comprising the Target Group throughout the Relevant Periods. The Target Group comprising the Target Company and its subsidiaries resulting from the corporate reorganisation is regarded as a continuing entity. The Target Group is under the control of the Vendor prior to and after the corporate reorganisation. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Relevant Periods which include the results, changes in equity and cash flows of the companies comprising the Target Group have been prepared as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation/establishment where it is a shorter period. The combined statements of financial position as at 31 March 2015, 2016, 2017 and 30 November 2017 have been prepared to present the assets and liabilities of the companies comprising the Target Group as at the respective dates as if the current group structure had been in existence at those dates. At the date of this report, Vendor own the entire interest of the Target Company. The principal activity of the Target Company is engaged in investment holding. The Target Company, together with its subsidiaries, are principally engaged in provision of software services.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Target Company and BOSS were incorporated on 28 November 2017 and 10 March 2003 respectively by the same individual. For the purpose of the rationalisation of the Target Group's structure, on 17 January 2018, 100% equity interests of the BOSS has been transferred to the Target Company (the "**Reorganisation**"). The Target Company became the holding company of BOSS. The Reorganisation is considered as a business combination under common control because the Target Company and BOSS are ultimately controlled by the same individual both before and after completion of the Reorganisation. Accordingly, the Reorganisation will be accounted for using the principles of merger accounting. For the purpose of this report, the Financial Information has been prepared to present the combined statement of financial position, the combined statement of profit or loss and other comprehensive income, the combined statement of cash flows and combined statement of changes in equity include the results and cash flow of each combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, as if the Target Company has always had interest in BOSS.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 3.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

The carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

2.3 Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Target Company. Control exists when the Target Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intragroup transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented separately on the face of the consolidated income statement.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates used for calculating depreciation are as follows:

– Furniture and equipment 5 years

– Motor vehicle 5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

2.5 Leased assets

Leases which do not transfer substantially all the risks and rewards of ownership to the Target Group are classified as operating leases.

Assets acquired under finance leases

Where Target Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in the property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Target Group will obtain ownership of the asset, the life of the asset. Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2.4. Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2.6 Financial instruments

(i) Financial assets

The Target Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Target Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– granting concession to a debtor because of debtor's financial difficulty; and

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(iii) Financial liabilities

The Target Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred.

Financial liabilities at amortised cost including trade payables, accrual and other payables, bank borrowings obligation under finance leases, amount due to director, comment due to shareholder and amount due to a related company are initially measured at fair value, net of directly attributable costs incurred and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Target Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

2.7 Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

2.8 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognized and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fee payable, using the effective interest method.

2.9 Foreign exchange

The reporting currency of the company and its subsidiaries is Hong Kong Dollars, which is the currency of the primary economic environment in which each of these entities operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

2.10 Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of Target Company's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statements.

2.12 Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realized based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Target 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Target Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Target Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.13 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.14 Revenue recognition

Revenue is recognised to the extent when it is probable that the economic benefits will flow to the Target Group and when the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, net of allowances for returns, trade discounts and value-added tax. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customers, provided that the Target Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Normally, risk is transferred upon dispatch of goods.

(ii) Interest income

Interest income from bank deposits is accrued on a time apportionment basis using the effective interest method.

2.15 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 Related parties

(1) A person, or a close member of that person's family, is related to the Target Company if that person:

(i) has control or joint control over Target Company;

(ii) has significant influence over Target Company; or

(iii) is a member of the key management personnel of Target Company or Target Company's parent.

(2) An entity is related to Target Company if any of the following conditions applies:

(i) The entity and Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either Target Company or an entity related to Target Company.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Target Company or to Target Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3. Accounting judgments and estimates

Key sources of estimation uncertainty

In the application of the Target Group's accounting policies, the directors are required to make judgments, 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 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.

(i) Impairment of receivables

The policy for the impairment of receivables of the Target Group is based on the evaluation of collectability and ageing analysis of accounts and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.

(ii) Depreciation of property, plant and equipment

The Target Group depreciated the property, plant and equipment in accordance with the accounting policies set out in note 2.4. The estimated useful lives reflect the directors' best estimate of the periods that the Target Group intends to derive future economic benefits from the use of these assets.

4. Revenue

Revenue represents the sales value of goods supplied to customers less returns and sales rebates and is after deduction of any trade discounts.

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

	Year ended 31 March			Eight months ended 30 November	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sales of goods	10,465	11,535	11,155	7,967	13,780

5. Other income

	Year ended 31 March			Eight months ended 30 November	
	2015	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest income from a related company	129	47	41	21	20
Bank interest income	15	11	1	7	7
	144	58	42	28	27

6. Finance costs

	Year ended 31 March			Eight months ended 30 November	
	2015	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest on bank borrowings	46	47	49	30	19
Interest on finance leases	–	16	8	8	8
	46	63	57	38	27

7. Profit before tax

Profit before tax is arrived at after charging:

	Year ended 31 March			Eight months ended 30 November	
	2015	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Staff costs					
Salaries, wages and other benefits	3,057	3,219	1,620	812	2,269
Contributions to defined contribution retirement schemes	169	186	211	86	196
Auditors' remuneration	23	24	50	35	90
Depreciation of property, plant and equipment	8	140	136	93	82

8. Income tax

(a) Income tax in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 March			Eight months ended 30 November	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current tax					
Provision for the year	90	102	964	644	1,931

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 March			Eight months ended 30 November	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit before tax	284	650	5,100	3,231	9,126
Notional tax on profit before tax, calculated at 16.5%	47	107	842	533	1,506
Effect of non-deductible expenses	50	21	250	201	651
Effect of non-taxable income	(7)	(26)	(128)	(90)	(226)
Actual tax expense	90	102	964	644	1,931

9. Directors' remuneration

The remuneration of directors of the Target Group for the years ended 31 March 2015, 2016, 2017, the eight months ended 30 November 2016 and 2017 were set out below:

	Year ended 31 March			Eight months ended 30 November	
	2015	**2016**	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	925	935	985	468	493
Salaries					
Employer's contribution to pension scheme	36	36	36	18	18
	961	971	1,021	486	511

No directors waived or agreed to waive any emoluments during the years ended 31 March 2015, 2016, 2017 and the eight months ended 30 November 2016 and 2017. No emoluments were paid to directors as an inducement to join or upon joining the Target Group or as compensation for loss of office during the years ended 31 March 2015, 2016, 2017 and the eight months ended 30 November 2016 and 2017.

10. Property, plant and equipment

	Furniture and equipment *HK$'000*	Motor vehicle *HK$'000*	Total *HK$'000*
Cost:			
1 April 2014, at 31 March 2015 and 1 April 2015	49	566	615
Additions	–	668	668
Disposal	(3)	–	(3)
At 31 March 2016 and 1 April 2016	46	1,234	1,280
Disposal	(4)	–	(4)
At 31 March 2017 and 1 April 2017	42	1,234	1,276
Additions	4	–	4
At 30 November 2017	46	1,234	1,280
Accumulated depreciation:			
As 1 April 2014	24	566	590
Provided for the year	8	–	8
As at 31 March 2015 and 1 April 2015	32	566	598
Provided for the year	6	134	140
Written back on disposal	(3)	–	(3)
At 31 March 2016 and 1 April 2016	35	700	735
Provided for the year	2	134	136
Written back on disposal	(4)	–	(4)
At 31 March 2017 and 1 April 2017	33	834	867
Provided for the period	4	78	82
At 30 November 2017	37	912	949

	Furniture and equipment	Motor vehicle	Total
	HK$'000	*HK$'000*	*HK$'000*
Net carrying amounts:			
At 31 March 2015	17	–	17
At 31 March 2016	11	534	545
At 31 March 2017	9	400	409
At 30 November 2017	9	322	331

11. Trade receivables

	As at 31 March			As at 30 November
	2015	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	1,691	752	1,001	8,178

Target Group normally allows a credit period of 0-30 days to its customers. Further details on Target Group's credit policy are set out in note 18(a).

(a) Aging analysis

As at the end of the reporting period, the aging analysis of trade receivables (which are includes in trade and other receivables) based on the invoice date and net of allowance for doubtful debts, is as follows:

	As at 31 March			As at 30 November
	2015	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than 1 month	1,325	706	946	8,126
1 to 6 months	366	46	55	52
	1,691	752	1,001	8,178

(b) Impairment of trade receivables

As at 31 March 2015, 2016, 2017 and 30 November 2017, none of Target Group's trade receivables were determined to be impaired.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with Target Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. Amount due from/to a director

	As at 31 March			As at 30 November
	2015	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount due (to)/from a director	(2,755)	(1,720)	856	4,614

The amounts are unsecured, interest free and repayable on demand. The maximum debit balances for amounts due from each of the directors during the year ended 31 March 2017 and eight months ended 30 November 2017 were HK$856,000 and HK$4,614,000 respectively.

13. Amount due from/to a related company/shareholder

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

14. Obligation under finance leases

	Minimum lease payment				Present value of minimum lease payment			
				As at				As at
	As at 31 March			30 November	As at 31 March			30 November
	2015	2016	2017	2017	2015	2016	2017	2017
	HK$'000	*HK'000*	*HK'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	156	160	159	–	132	136	141
More than one year but not more than two years	–	244	96	–	–	220	84	–
	–	400	256	159	–	352	220	141
Less: Future interest payment	–	(48)	(36)	(18)	–	–	–	–
Present value of minimum lease payment	–	352	220	141	–	352	220	141

Obligation under finance leases balances are secured over the properties held by the director.

The terms of finance leases entered into ranged from 2 to 5 years.

15. Trade payables

				As at
	As at 31 March			30 November
	2015	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	2,983	2,660	1,186	516

All of the trade and other payables are expected to be settled within one year.

As at the end of reporting period, the aging analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 31 March			As at 30 November
	2015	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than 1 month	2,455	2,179	1,054	516
1 to 6 months	528	481	132	–
	2,983	2,660	1,186	516

16. Bank borrowings

An analysis of the carrying amount of borrowings is as follows:

	As at 31 March			As at 30 November
	2015	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities:				
Current portion of bank borrowings	2,007	1,748	1,482	1,325

As at 31 March 2015, 2016, 2017 and 30 November 2017, the bank facilities were secured by an investment property held by related company.

As at 31 March 2015, 2016, 2017 and 30 November 2017, the bank borrowings were repayable within 1 year or on demand.

As at 31 March 2015, 2016, 2017 and 30 November 2017, the bank borrowings carried interest at 2.5% per annum.

Notwithstanding the specified repayment schedules as stated in the facilities letters ("**specific repayment terms**") which allow the loans to be repaid over a period of more than one year, certain banking facilities granted to Target Company include a clause that gives the banks the unconditional rights to call the bank borrowings at any time ("**repayment on demand clause**"). These bank borrowings as at 31 March 2015, 2016, 2017 and 30 November 2017 were classified as current liabilities in the consolidated statements of financial position.

17. Share capital

	As at 31 March			As at 30 November
	2015	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Issued and fully paid:				
10,000 ordinary shares of US$1 each	78	78	78	78

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Target Group. All ordinary shares rank equally with regard to the Target Group's residual assets.

18. Financial risk management and fair values

Exposure to credit, liquidity and interest rate risks arises in the normal course of Target Group's business. Target Group's exposure to these risks and the financial risk management policies and practices used by Target Group to manage these risks are described below.

(a) Credit risk

Target Group's credit risk is primarily attributable to cash and cash equivalents, trade and other receivables. Cash and cash equivalents are normally placed at financial institutions that have sound credit ratings and Target Company considers the credit risk to be insignificant. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

Further quantitative disclosures in respect of Target Group's exposure to credit risk arising from trade and other receivables are set out in note 11.

(b) Liquidity risk

Target Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Given that bank loans subject to repayment on demand clause are classified as current liabilities, the contractual undiscounted cash outflows of all the financial liabilities as at 31 March 2015, 2016, 2017 and 30 November 2017 are due within 1 year or on demand and equal their carrying value at the end of the reporting period except for the obligations under finance leases which are disclosed in Note 14.

As the directors do not expect the banks would exercise the rights to demand repayment, the bank loans subject to repayment on demand clause are expected to be repayable based on the specific repayment terms. Hence, for these bank loans, the following tables show the contractual undiscounted cash outflows according to the specific repayment terms and, separately, the impact to the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

(c) Fair value measurement

The carrying amounts of Target Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at 31 March 2015, 2016, 2017 and 30 November 2017.

19. Operating lease commitments

The total future minimum lease payments of Target Group under non-cancellable operating leases in respect of land and buildings are payable as follows:

	As at March			As at 30 November
	2015	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	132	132	136	84
After one year but within five years	352	220	84	–
	484	352	220	84

Target Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease upon expiry when all terms are renegotiated. None of the leases includes contingent rentals

20. Material related party transactions

Key management personnel emoluments

All members of key management personnel are directors of Target Group and their compensation is disclosed in Note 9.

21. Possible impact of amendments, new standards and interpretations issued but not yet effective for the relevant periods

Up to the date of the Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 30 November 2017 and which have not been adopted in the Financial Information. These include the following which may be relevant to Target Group.

	Effective for accounting periods beginning on or after
HKFRS 9, *Financial instruments*	January 1, 2018
HKFRS 15, *Revenue from contracts with customers*	January 1, 2018
HKFRS 16, *Leases*	January 1, 2019

Target Group does not plan to early adopt any of the above new standards or amendments. Target Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on Target Group's results of operations and financial position, except for the following.

HKFRS 9, Financial instruments

HKFRS 9 replaces the existing guidance in HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39. The directors anticipate that the application of HKFRS 9 in the future will not have significant impact on Target Company's results of operations and financial position.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including HKAS 18, Revenue, HKAS 11, Construction contracts and HK(IFRIC)-Int 13, Customer Loyalty Programmes. It also includes guidance on when to capitalize costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

The directors are in the process of the performing assessment on the impact of HKFRS 15. Under HKFRS 15, an entity normally recognizes revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligations are identified. The directors do not identify this circumstance based on the current operation of Target Group and anticipate no material impact on the financial performance.

HKFRS 16, Leases

HKFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, HKFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognized for all leases, subject to limited exceptions. It replaces HKAS 17, Leases and the related interpretations including HK(IFRIC)-Int 4, Determining whether an arrangement contains a lease.

Based on the preliminary assessment, the directors are of the opinion that the leases of certain properties by Target Group which are currently classified as operating leases under HKAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with HKFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognized on the right-of-use assets and the lease liabilities respectively, of which the amount in total for each reporting period is not expected to be significantly different from the periodic operating lease expenses recognized under HKAS 17. Apart from the effects as outlined above, it is not expected that HKFRS 16 will have a significant impact on Target Group's results of operations and financial position upon adoption. The new standard is not expected to apply until the financial year ending 31 March 2020.

C. SUBSEQUENT EVENTS

There were no material events affecting Target Group subsequent to 30 November 2017 and at the date of approval of the Financial Information.

D. SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by Target Group in respect of any period subsequent to 30 November 2017. No dividend or distribution has been declared or made by any companies comprising Target Group in respect of any period subsequent to 30 November 2017.

PART B. MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

Set out below is the management discussion and analysis on the Target Group for the three years ended 31 March 2015, 31 March 2016, 31 March 2017 and the eight months ended 30 November 2017 ("**Track Record Periods**").

Business Review

The Target Group is principally engaged in the provision of software solution in retail, distribution and accounting sectors, with the objective of providing commercial software applications and retail and distribution solutions which are suitable for global operation. Their software solution is one of the market leaders in Hong Kong and the majority customers are well known retail chains with network of outlets located at malls and other shopping locations throughout Hong Kong. As at the Latest Practicable Date, the Target Group's networks have been well developed with multinationals listed and renowned local groups under their services.

The Target Group positions themselves as the link between software solution provider and the merchants to provide full software solutions including provision of software solution in retail, distribution and accounting sectors including point of sales system, ordering and inventory system and accounting system and ongoing maintenance services. The Target Group also provides customised project-based software solution services.

Financial performance

The revenue generated by the Target Group for the Track Record Periods was approximately HK$10.5 million, HK$11.5 million, HK$11.2 million and HK$13.8 million respectively.

The increases in revenue were mainly due to increase in number of projects. During the Track Record Periods, the gross profit margin were 72.6%, 64.1%, 68.9% and 83.7% respectively. The increase in gross profit margin for the eight months ended 30 November 2017 was mainly due to the launch of the new product which was developed in early 2017 to cope with the technological advancement. During the Track Record Periods, the Target Group recorded administrative expenses of approximately HK$7.4 million, HK$6.7 million, HK$2.6 million and HK$2.4 million respectively.

The administrative expenses for the year ended 31 March 2015 and 2016 comprised, *inter alia*, mainly research and development cost and staff salaries. The research and development cost included in administrative expenses were approximately HK$3,266,000, HK$2,450,000, HK$153,000 and nil for the years ended 31 March 2015, 31 March 2016, 31 March 2017 and the eight months ended 30 November 2017, respectively. The staff salaries included in administrative expenses were approximately HK$3,000,000, HK$3,219,000, HK$1,620,000 and HK$790,000 for the year ended 31 March 2015, 31 March 2016, 31 March 2017 and the eight months ended 30 November 2017, respectively. As the research and development of new product was finished during the year ended 31 March 2017, the administrative expenses comprising, *inter alia*, research and development cost and staff salaries therefore decreased for the year ended 31 March 2017, and the eight months ended 30 November 2017.

During the Track Record Periods, the Target Group recorded profit of HK$0.2 million, HK$0.5 million, HK$4.1 million and HK$7.2 million respectively. Such increase were mainly due to the increase in sales of new product and reduction in administrative expenses for the year ended 31 March 2017, and the eight months ended 30 November 2017.

Liquidity, financial resources and capital structure

As at 31 March 2015, the Target Group had net current liabilities of approximately HK$1.7 million. Net current assets of the Target Group as at 31 March 2016, 2017 and 30 November 2017 were approximately HK$0.4 million, HK$4.5 million and HK$11.6 million respectively. The current ratio (being current assets over current liabilities) as at Track Record Periods were approximately 0.81 times, 1.05 times, 1.73 times and 2.43 times respectively. The increases in current ratio for the Track Record Periods were mainly due to the improvement in business performance of the Target Group achieved an increase in gross profit and reduction in administrative expenses.

As at the Track Record Periods, the Target Group had net assets of approximately HK$0.2 million, HK$0.7 million, HK$4.8 million and HK$12.0 million respectively. The debt ratio (being total liabilities over total assets) as at the Track Record Periods were approximately 0.98 times, 0.91 times and 0.57 times and 0.40 times respectively. The decrease in the debt ratio for the Track Record Periods was mainly due to the decrease in amount due to director and bank borrowings and increase in cash and cash equivalents, amount due from a director and trade receivable.

As at the Track Record Periods, the cash and bank balances of the Target Group amounted to approximately HK$3.4 million, HK$4.6 million, HK$7.3 million and HK$5.7 million respectively, which were mainly denominated in Hong Kong dollars.

The Target Group generally financed its operations with its internally generally cash flows and bank borrowings. As at the Track Record Periods, the Target Group had outstanding bank borrowings amounted to approximately HK$2.0 million, HK$1.7 million, HK$1.5 million and HK$1.3 million respectively and were secured by an investment property held by related company. The interest rate on secured bank loan was approximately 2.5% per annum. The outstanding bank borrowings has been settled as at the Latest Practicable Date.

As at 31 March 2016, 2017 and 30 November 2017, the Target Group leased motor vehicles under finance leases amounted to approximately HK$0.4 million, HK$0.2 million and HK$0.1 million respectively, which the lease term are 3 years as at 31 March 2016, 2017 and 30 November 2017 and the interest rates underlying all obligations under finance leases are fixed at respective contract dates of 1.18% per annum as at 31 March 2016, 2017 and 30 November 2017. Finance lease obligations are denominated in Hong Kong dollars.

The Target Group had amounts due to a director of approximately HK$2.8 million and HK$1.7 million respectively as at 31 March 2015 and 2016. Amount due from a director of the Target Group as at 31 March 2017 and 30 November 2017 were approximately HK$0.9 million and HK$4.6 million respectively. All of these amounts were unsecured, interest-free and repayable on demand.

For the Track Record Periods, the gearing ratio of the Target Group, being the total liabilities divided by the total equity, was 5,023.2%, 1,046.2%, 129.9% and 67.9% respectively.

Treasury policy and hedging arrangement

During the Track Record Periods, the Target Group did not have any treasury policy or hedging arrangement.

Significant investment

During the Track Record Periods, the Target Group did not have any significant investment.

Segment information

During the Track Record Periods, the main business of Target Group were operated in only one business segment which is the provision of software solution in retail, distribution and accounting sectors.

Charge of assets

During the Track Record Periods, none of the assets of the Target Group has been charged.

Material acquisitions and disposals

During the Track Record Periods, the Target Group did not enter into any material transaction to acquire or dispose of its assets.

Contingent liability

During the Track Record Periods, the Target Group did not have any contingent liability.

Capital commitment

During the Track Record Periods, the Target Group did not have any capital commitment.

Exposure on foreign currency fluctuation

During the Track Record Periods, the main business of Target Group were conducted in Hong Kong and the Target Group had no material currency exposure.

Employee Information and Remuneration Policy

During the Track Record Periods, the Target Group had 17, 18, 19 and 20 employees respectively, for its operations. The Target Group has remuneration policies that align with market practice and remunerates its employees based on the responsibilities of their roles and performance, market requirements and the performance of the Target Group. In addition to the monthly salaries, the Target Group also provides other benefits to its staffs.

Future plans for material investments or capital assets

Target Group did not have any future plans for material investments or capital assets during the Track Record Periods.

Dividend

During the Track Record Periods, the Target Group did not declare or pay any dividend.

The following is the text of a report received from Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

10/F, 8 Observatory Road,
Tsimshatsui,
Hong Kong

14 May 2018

The Board of Directors
EFT Solutions Holdings Limited
Workshops B1 & B3,
11/F, Yip Fung Industrial Building,
28-36 Kwai Fung Crescent,
Kwai Chung, New Territories,
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of EFT Solutions Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 November 2017 and related notes as set out in Appendix III of the circular dated 14 May 2018 issued by the Company (the "**Circular**") (the "**Unaudited Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix III of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 70% equity interest of Earn World Development Limited (the "**Target Company**") and its subsidiaries (collectively, the "**Target Group**") (the "**Acquisition**") on the Group's financial position as at 30 September 2017 as if the Acquisition had taken place at 30 November 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited interim report for the six months ended 30 September 2017 as set out in the published interim report of the Company dated 10 November 2017. Information about the Target Group's financial position has been extracted by the Directors from the audited financial information of the Target Group as at 30 November 2017 as set out in its accountants' report included in Appendix II to the Circular.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Review of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purpose of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Acquisition in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong

Yip Kai Yin
Practising Certificate No.: P05131

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The accompanying unaudited pro forma statement of assets and liabilities (the "**Unaudited Pro Forma Financial Information**") of the Enlarged Group has been prepared by the directors of the Company in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules for the purpose of illustrating the effects of the completion of the proposed acquisition of 70% equity interest of Earn World Development Limited (the "**Target Company**") (the "**Acquisition**") on the historical consolidated statement of assets and liabilities of the Group, as if the Acquisition had been effected on 30 November 2017.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared based on the unaudited consolidated statement of financial position of the Group as at 30 September 2017, which has been extracted from the Group's published interim report for the six months ended 30 September 2017; and the audited consolidated statement of financial position of the Target Group as at 30 November 2017 which has been extracted from the accountants' report of the Target Group set out in Appendix II to this Circular; and after taking into account the pro forma adjustments relating to the Acquisition as described in the notes thereto, that are (i) clearly shown and explained; (ii) directly attributable to the Acquisition and not relating to future events or decisions; and (iii) factually supportable, as explained in the accompanying notes, as if the Acquisition had been effected on 30 November 2017.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information to provide information of the Enlarged Group upon completion of the Acquisition. As the Unaudited Pro Forma Financial Information of the Enlarged Group is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group following the completion of the Acquisition and does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been effected on the dates indicated herein. Further, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict the future financial position of the Enlarged Group after the completion of Acquisition.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules. The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I to this Circular, the accountants' report of the Target Company as set out in Appendix II to this Circular and other financial information included elsewhere in this Circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

	The Group As at 30 September 2017 (unaudited)	The Target Group as at 30 November 2017 (audited)	subtotal	Pro forma adjustment		Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Non-current assets						
Property, plant and equipment	2,054	331	2,385			2,385
Goodwill	–	–	–	155,490	*4*	155,490
Intangible assets	–	–	–	28,000	*4*	28,000
Deposit paid	246	–	246			246
Total non-current assets	2,300	331	2,631			186,121
Current assets						
Inventories	3,853	–	3,853			3,853
Trade and other receivables	33,171	14,129	47,300			47,300
Cash and cash equivalents	34,724	5,651	40,375			40,375
Total current assets	71,748	19,780	91,528			91,528
Current liabilities						
Trade and other payables	6,989	2,625	9,614	16,000	*3*	25,614
Bank borrowings	–	1,325	1,325			1,325
Tax payables	1,200	2,768	3,968			3,968
Amount due to a shareholder	–	1,273	1,273			1,273
Obligation under finance lease	–	141	141			141
Total current liabilities	8,189	8,132	16,321			32,321
Net current assets	63,559	11,648	75,207			59,207
Total assets less current liabilities	65,859	11,979	77,838			245,328
Non-current liabilities						
Deferred tax liabilities	–	–	–	4,620	*4*	4,620
Promissory note	–	–	–	174,849	*3*	174,849
Total non-current liabilities	–	–	–			179,469
Net assets	65,859	11,979	77,838			65,859

C. NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The unaudited consolidated statement of assets and liabilities as at 30 September 2017 was extracted from the published interim report of the Group for the six months ended 30 September 2017.

2. The audited consolidated statement of assets and liabilities of the Target Group as at 30 November 2017 was extracted from the accountants' report as set out in Appendix II to this Circular.

3. The adjustment reflects the consideration for the Acquisition to be satisfied by the Company amounted to approximately HK$210,000,000. Pursuant to the Agreement, the consideration for the Acquisition would be satisfied by Cash of HK$16,000,000 and issuance of Promissory Note. The assumed fair value of Promissory Notes for the acquisition is HK$174,849,000:

4. The identified assets and liabilities of the Target Group acquired by the Group will be accounted for in the consolidated financial statements of the Enlarged Group at fair value under acquisition accounting in accordance with Hong Kong Financial Reporting Standard 3 *Business Combinations* ("**HKFRS 3**"). For the purpose of the Unaudited Pro Forma Financial Information, the allocation of the purchase price is determined based on the Directors' estimates of the fair values of the identified assets and liabilities of the Target Group as at 30 November 2017, calculated as follows:

	HK$'000
Consolidation so determined per note 3 above	190,849
Less:	
Fair values of the identifiable tangible net assets of the Target Group as at 30 November 2017	11,979
Fair values of the identifiable intangible assets including technology platform and other software applications *(a)*	28,000
Deferred tax liabilities	(4,620)
Goodwill *(b)*	155,490

(a) The estimated fair values of the identifiable intangible assets including technology platform and other software applications were based on the independent valuation conducted by International Valuation Limited, an independent valuer, as at 30 November 2017.

(b) Actual goodwill or gain on bargain purchase arising from the Acquisition will be determined based on fair values of the identifiable tangible and intangible assets and liabilities of the Target Group and the aggregate fair value of the total consideration at the actual completion date. When the actual transaction takes place, different fair values may be determined which consequently may result in a financial effect which is materially different from the above.

Since the fair value of the Promissory notes and the fair value of the underlying assets and liabilities of the Target Group as at the completion date may be different from the above, the resulting amount of goodwill at the date of acquisition may be different. If the recoverable amount of the Target Group (the group of cash-generating units to which the goodwill will be allocated) is below its carrying amount as at the completion date, the related goodwill will be impaired. If the fair value of the underlying assets and liabilities of the Target Group is higher than the fair value of the total consideration transferred as at the completion date, a gain on bargain purchase will be resulted.

5. Based on directors' estimation, the fair value of the contingent consideration arising from Profit Guarantee and Put Option is zero. On Completion, the fair value will have to be reassessed based on upcoming conditions at the date of Completion.

6. For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group, the management of the Group has conducted an assessment of impairment of the intangible assets and the goodwill as at 30 November 2017 in accordance with Hong Kong Accounting Standard 36 Impairment of Assets ("**HKAS 36**"), which is consistent with the accounting policy of the Company. In accordance with the requirements of HKAS 36, the management of the Group has assessed the impairment by considering whether the carrying amounts (the "**Carrying Amounts**") of goodwill plus the net identifiable assets of the underlying business of the Target Group exceed the recoverable amount (the "**Recoverable Amount**") of such underlying business as at 30 November 2017 as determined by a separate valuation. As the Recoverable Amount is above the Carrying Amounts, no impairment on goodwill or any assets is required for the purpose of the Pro Forma Financial Information. The Company will conduct a separate valuation upon completion of the Acquisition in accordance with HKFRS 3 and also as at each of the Company's balance sheet date in accordance with HKAS 36 for the purpose of an impairment test on goodwill and the intangible assets. The auditor will review the valuations and the impairment test conducted by the management in the upcoming audit in accordance with the same methodology under HKAS 36. Save for unforeseen circumstances, for the purpose of the impairment test upon completion of the Acquisition and in the subsequent balance sheet date, the auditor will adopt the same set of impairment indicators as adopted for the purpose of the Unaudited Pro Forma Financial Information for those impairment assessments.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from International Valuation Limited, an independent valuer.

International Valuation Limited
國際評估有限公司

Room 1213, 12/F,
Houston Centre, 63 Mody Road,
Tsim Sha Tsui, Kowloon,
Hong Kong
Tel: (852) 2348 0068

14 May 2018

The Board of Directors
EFT Solutions Holdings Limited
Workshops B1 & B3
11/F, Yip Fung Industrial Building
28-36 Kwai Fung Crescent
Kwai Chung
New Territories
Hong Kong

Dear Sir or Madam,

Re: Valuation of Fair Value of 100% Equity Interest of Business Operating Software Solution Limited ("BOSS")

In accordance with the instructions from EFT Solutions Holdings Limited (hereinafter referred to as the "**Company**") for us to conduct a valuation of the fair value of 100% equity interest of BOSS and its subsidiaries (hereinafter referred to as the "**BOSS Group**"), we are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing you with our opinion of the fair value of 100% equity interest of BOSS Group as of November 30, 2017 (hereinafter referred to as the "**Valuation Date**").

This report states the purpose of valuation and scope of our works, identifies the business appraised, describes the basis and methodology of our appraisal, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. The Company is a public company listed on GEM of the Stock Exchange of Hong Kong Limited. In addition, International Valuation Limited ("**IVL**") acknowledges that this report may be made available to the Company for public inspection purpose.

IVL assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Target Group and/or its representative (together the "**Management**").

In preparing this report, we have had discussions with the Management in relation to the development and prospect of the relevant industry in Hong Kong, the development, operations and other relevant information of BOSS. As part of our analysis, we have reviewed such financial information and other pertinent data concerning BOSS provided to us by the Management. We assumed that such information, including any financial projection, provided by the Management was prepared with due care and consideration.

However, we do not provide assurance on the achievability of the results forecasted because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of the Management.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

In applying these information in our analysis, we are making no representation that the business of the valuation subject will be successful, or that market growth and forecasts will be realized.

OPINION OF VALUE

Based on the information provided and the analysis conducted, it is our recommendation that the fair value of the 100% equity interest in BOSS as of November 30, 2017, is reasonably represented in the amount of:

HONG KONG DOLLARS
THREE HUNDRED AND TEN MILLION ONLY
(HKD310,000,000)

Yours faithfully,
For and on behalf of
International Valuation Limited
Andy Wong, *CFA, CPA/ABV*
Senior Vice President

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PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. The Company is a public company listed on GEM of the Stock Exchange of Hong Kong Limited. In addition, IVL acknowledges that this report may be made available to the Company for public inspection purpose.

IVL assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Target Group and/or its representative (together the "**Management**").

In preparing this report, we have had discussions with the Management in relation to the development and prospect of the relevant industry in Hong Kong, the development, operations and other relevant information of BOSS. As part of our analysis, we have reviewed such financial information and other pertinent data concerning BOSS provided to us by the Management. We assumed that such information, including any financial projection, provided by the Management was prepared with due care and consideration.

However, we do not provide assurance on the achievability of the results forecasted because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of the Management.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

In applying these information in our analysis, we are making no representation that the business of the valuation subject will be successful, or that market growth and forecasts will be realized.

ECONOMY OVERVIEW

Overview

POLITICAL STABILITY: Political stability will remain vulnerable in 2018-22. Carrie Lam, the territory's chief executive since July 2017, faces multiple challenges. Of these, three stand out: addressing public discontent, managing relations with the opposition, and engaging with the central Chinese government. Successfully tackling all three of these issues at once is likely to be impossible.

ELECTION WATCH: Ms. Carrie Lam secured a clear victory in the chief executive race in June 2017, winning 777 of the 1,186 votes cast by the chief executive election committee. The committee's structure is designed to ensure that the central government has enough sway to ensure that its preferred candidate wins.

INTERNATIONAL RELATIONS: Under the Basic Law (Hong Kong's mini-constitution), defense and foreign affairs are the preserve of the central Chinese government, but the territorial administration has authority over domestic matters and external issues relating to trade. Hong Kong is likely to secure a services-oriented free-trade deal with the Association of South-East Asian Nations (ASEAN) in the next two years.

POLICY TRENDS: As with many of the territory's recent leaders, it is not clear that Ms. Lam has a vision for Hong Kong's future role. Instead, she is likely to focus on tackling particular sources of public discontent. Ms. Lam is set to put more emphasis than her predecessor, Leung Chun-ying, on youth issues–and, in particular, on improving education. She has pledged an additional HK$5bn (US$640m) a year in recurrent expenditure for education.

ECONOMIC GROWTH: We estimate that economic growth will reach a multi-year high of 3.7% in 2017. This largely reflects firming household spending, as low unemployment and steady growth in wages have helped to improve consumer sentiment. It is also a result of a rebound in exports of goods and services, which has been driven by stronger Chinese demand growth and a modest recovery in the EU and the US.

INFLATION: A weakening of China's renminbi against the Hong Kong dollar in 2018-19 will serve to reduce the price of imported goods, dampening inflationary pressure. Around half the territory's imports come from the mainland. A drop in house prices in 2018 will further cool inflation through its impact on rents (which have the largest weighting of any component in the consumer price index). The rate of inflation will quicken later in the forecast period amid a recovery in domestic demand growth and the renminbi's appreciation against the Hong Kong dollar. Overall, we forecast that consumer price inflation will average 2.4% a year in 2018-22.

EXCHANGE RATES: The Hong Kong dollar will remain pegged to the US dollar throughout 2018-22. Downward pressure on the local currency will remain predominant in 2018-19, as it has for much of 2017, as local banks raise their own interest rates only gradually as Hong Kong and US policy rates move higher. However, we expect the Hong Kong Monetary Authority (which performs many of the functions of a central bank) to drain Hong Kong dollar liquidity in the market, as it did in August and September 2017, to shore up the exchange rate. This will keep the Hong Kong dollar within the HK$7.8: US$1-HK$7.85: US$1 range in 2018-19. The currency will move back to the stronger side of its permitted trading band in 2020-22.

EXTERNAL SECTOR: The current-account surplus will fluctuate in the forecast period owing to volatility on the trade account, although the surplus will be narrower on average in 2020-22, at 4.3% of GDP, than in 2017-19, when it will average 6.2%. Merchandise export growth in 2018-22 as a whole will average a modest 4% annually, depressed by slower demand growth in mainland China and a trend towards rising trade protectionism in key markets such as the US. Growth in goods imports will average 4.3% annually in 2018-22, held back by a reduction in demand for capital goods and construction materials in 2018 that will allow the merchandise trade deficit to shrink in 2018-19. The cost of imports from China will also be dampened by the local currency's appreciation against the renminbi during much of the five-year period. Hong Kong's services trade will post growing surpluses, supported by large inflows of tourists and exports of professional services associated with business in mainland China. The territory's primary income balance will remain in the black, lifted by earnings from the overseas investments of local firms and residents, but the secondary income balance will post modest but growing deficits as expatriates working in Hong Kong remit money abroad.

(Source: Economist Intelligence Unit, Dec 2017)

BOSS GROUP

BOSS is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of software solution in retail, distribution and accounting sectors including point of sales system, ordering and inventory system and accounting system, with the objective of providing commercial software applications and retail and distribution solutions.

The BOSS Group comprises of BOSS itself, its 99%-owned subsidiary Guangzhou Boss Software Limited and its 55%-owned M3 Hong Kong Limited. Guangzhou Boss Software Limited is incorporated in the People's Republic of China with limited liability and M3 Hong Kong Limited is a limited liability company incorporated in Hong Kong.

Products

Products of the company are enterprise software system and application, and key products include the SmartWin POS System, Mobile POS, SmartWin Booking System and Membership APP Solution, providing front-end, back-end, customer relationship, membership and promotion management software solutions to retailers and distributors. Revenue comprises mainly of project income, installation and recurring service income from customers.

VALUATION METHODOLOGY

The methods commonly used to develop approximate indications of value for a business or assets are the Income, Market, and the Cost Approaches.

Income Approach

The Income Approach focuses on the income-producing capability of a business or asset. The Income Approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation dates.

Market Approach

The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. Adjustments are made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

Cost Approach

The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The Cost Approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

VALUATION OF EQUITY VALUE OF BOSS GROUP

Selected approach

In estimating the fair value of 100% equity interest of the company, we relied primarily on the Income Approach in the form of a discounted cash flow ("**DCF**") methodology. The Cost Approach was not applied for the valuation of the company as it tends to understate the value of an income-generating business. Market Approach was not considered due to the fact that the company is private and direct comparison with public companies is less preferred due to the fact that guideline company and valuation subject rarely are exactly the same in products, services and development stage.

Methodology

As previously mentioned, in applying the Income Approach to the valuation of the company, the DCF methodology was used. The DCF methodology views a company as an operating entity, with the principal focus of the analysis on the operating entity's ability to generate debt-free cash flow in the future. Debt-free cash flow is defined as cash that is available either to invest in new or existing businesses or to distribute to investors (both debt and equity investors). Reasonable projections of revenues, expenses, and reinvestment requirements (i.e. working capital and capital expenditures) form the basis for estimating the future debt-free cash flows that a company will likely generate from its existing business. The Management provided prospective financial information ("**PFI**") for the period from financial year ended from 31 March, 2018 to year ending 31 March, 2022. We also discussed with the Management that, they see a four-year projection period is reasonable as they believe a four-year period is reasonably long enough to capture the business cycle of its products. These projections formed the basis of our DCF analysis and details of the assumptions from the Management are discussed below.

We assumed that the PFI provided by the Management was prepared with due care and consideration. We are not aware of any condition that caused us to doubt the appropriateness of the bases and assumptions adopted in the Projection. However, we do not provide assurance on the achievability of the results forecasted because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of the Management.

The debt-free cash flow for each year of the projection period was calculated by adding back after-tax interest expenses and other items affecting cash flows to net profit. Non-cash expenses, such as depreciation and amortization, deferred rent, and stock option expense, were then added and incremental investments in working capital, and capital expenditures ("**CAPEX**") were deducted, all of which were provided by Management.

In addition to calculating the debt-free cash flows throughout the projection period, it was necessary to calculate the terminal value of the Company, which reflects the value of the total capital at the end of the projection period. The terminal value was calculated by applying the Gordon Growth Model with a long term growth rate.

The projected free cash flows, including the terminal value, were discounted to present value at an appropriate rate of return, or "discount rate." The discount rate is the rate of return that an investor would require on an investment in the business. This rate of return should reflect macroeconomic, industry, and company-specific factors that translate into the degree of perceived risk to achieve these projected results. The discount rate is discussed further in a later section of this report. The sum of the discounted stream of future free cash flow reflects the fair value of the business enterprise of the subject business, commonly referred to as the Enterprise Value.

Discounted Cash Flow Analysis

Discounted cash flow (DCF) is a valuation method used to estimate the value of an asset. DCF analysis uses future free cash flow projections and discounts them, using a required annual rate, to arrive at present value estimates.

The following paragraphs present some of the key assumptions of the PFI furnished to us by the Management and adopted in the DCF analysis. As discussed earlier, PFI were prepared for the period of financial years ended from March 31, 2018 to year ending March 31, 2022.

PROSPECTIVE FINANCIAL INFORMATION ("PFI")

Revenue

	Mar 2018 *(Actual & Unaudited)*	Mar 2018 *(Forecast)*	Mar 2019 *(Forecast)*	Mar 2020 *(Forecast)*	Mar 2021 *(Forecast)*	Mar 2022 *(Forecast)*
New Products (as detailed below)	7,488,000	7,163,000	9,711,000	16,979,000	31,472,000	61,110,000
Existing Products (as detailed below)	13,999,000	13,008,000	15,168,000	17,687,000	20,625,000	24,050,000
Total	21,487,000	20,170,000	24,879,000	34,667,000	52,097,000	85,160,000

Based on discussion with the Management, the unaudited revenue for the year ended 31 March 2018 is approximately HK$21,487,000, and the forecasted revenue was projected based on expected growth of new customers (especially from the sales of new products as further detailed below) and increase in recurring income due to cumulative increase of customers expected.

New Products

New Products include **Mobile POS system** and **Membership App Solution**.

The following table shows 5-years forecasted revenue of New Products:

New Products	Mar 2018 *(Actual and Unaudited)*	Mar 2018 *(Forecast)*	Mar 2019 *(Forecast)*	Mar 2020 *(Forecast)*	Mar 2021 *(Forecast)*	Mar 2022 *(Forecast)*
Mobile POS	4,210,000	3,913,000	5,653,000	9,241,000	15,814,000	28,713,000
Membership App Solution	3,278,000	3,250,000	4,058,000	7,738,000	15,658,000	32,397,000
	7,488,000	7,163,000	9,711,000	16,979,000	31,472,000	61,110,000

Mobile POS

The BOSS Group had successfully developed and introduced a mobile app payment solution to customers in 2017 that could replace the traditional electronic point of sale machines used by retailers. There are three revenue components from the sales of Mobile POS, being (i) one-off set-up fee of the system; (ii) subsequent maintenance fees for each of the system sold; and (iii) back-end-fee.

The breakdown of revenue for Mobile POS during the projection period is illustrated in the following table:

		Mar 2018 *(Actual and Unaudited)*	Mar 2018 *(Forecast)*	Mar 2019 *(Forecast)*	Mar 2020 *(Forecast)*	Mar 2021 *(Forecast)*	Mar 2022 *(Forecast)*
Sales of new system (one off) *(Note 1)*	Unit	514	500	525	551	579	608
	Price per unit (average)	5,600	5,500	5,775	6,064	6,367	6,685
	Subtotal:	2,878,000	2,750,000	3,032,000	3,343,000	3,686,000	4,064,000
Maintenance fee (cumulative and per year) *(Note 2)*	Cumulated unit	514	500	1,025	1,576	2,155	2,763
	Price per unit (average)	840	825	866	910	955	1,003
	Subtotal:	432,000	413,000	888,000	1,434,000	2,057,000	2,771,000
Back-end-fee (cumulative and per year) *(Note 3)*	Cumulated Unit	6	5	11	27	58	120
	Price per unit (average)	150,000	150,000	157,500	165,375	173,644	182,326
	Subtotal:	900,000	750,000	1,733,000	4,465,000	10,071,000	21,879,000
Total		4,210,000	3,913,000	5,653,000	9,241,000	15,814,000	28,713,000

Note 1: The basic selling price per unit, which consists of permanent license fee and basic system customization and installation fee, for the Mobile POS is assumed to be HK$5,500 for the year ended March 2018. An increment per year at a growth rate of 5% will follow. Sale of new system is forecast to increase from 500 units for the year ended 31 March 2018 to 608 units for the year ending 31 March 2022. This forecast is drawn from signed contracts with our existing customers and estimation based on historical sales data. With reference to the management accounts for the year ended 31 March 2018, the Management had achieved their sales target for 2017/2018.

Note 2: The basic maintenance price per unit, which consists of daily technical support and maintenance services, for the Mobile POS is assumed to be 15% of the selling price, being HK$825 per unit per year for the year ended March 2018. An increment per year at a growth rate of 5% will follow. The forecast of increase in cumulated unit of maintenance fee from 500 units for the year ended 31 March 2018 to 2,763 for the year ending 31 March 2022 is based on the signed contracts with customers (under which maintenance fee would be charged on customers on annual basis) and estimation based on historical sales data. One-off maintenance fee is charged on customers on annual basis for their access to various functional and technical services provided by the Target Company, such as user hotline support, training, bug-fixing, periodic system patches etc. Based on experience of Management, most of their customers (e.g. retail operators and service providers) experience high staff turnover and thus hotline support and training (which are included as part of the maintenance package and provided by the maintenance team of the Target Company) are essential towards the continued use of their systems. Similarly, their customers require frequent updates to systems parameters setting (such as inventory specifications). Hence, system upgrades are also considered essential by the customers. In these regards, the Management consider that majority of their customers are willing to pay for one to two years of maintenance service. Further, in view of the installation cost of the Mobile POS, and the time, cost and effort required for changing to a new system to resolve "teething issues" for new systems, the Management consider that chance of abandonment of Mobile POS by customers within five years from the date of purchase is thin.

Note 3: A back-end-fee for each customer, which consists of provision of information system solution for management of orders received from Mobile POS, is assumed to be HK$150,000 per customer per year for the year ended March 2018, An increment per year at a growth rate of 5% will follow. The forecast of increase in cumulated unit of back-end-fee to be sold from five units for the year ended 31 March 2018 to 120 units for the year ending 31 March 2022 is based on statistics provided by Census and Statistics Department that there are approximately 63,222 retail units as at 31 December 2017 in Hong Kong (data source: https://www.censtatd.gov.hk/fd.jsp?file=D5250010E2017QQ04E.xls&product_id=D5250010) which offer large market in addition to the existing client basis (which consists of large brand customers and small and mid-sized retailers) for the Mobile POS. Further, according to the analysis of Bloomberg of 27 April 2018, Hong Kong's YOY GDP growth for 2019 and 2020 is forecast to be continuous at 2.6% per year. In light of the trend of continuous growth in Hong Kong's economies and retail market, it is expected that the demand for Mobile POS which cater the needs of retail operators and service providers (as delineated below) will increase in the coming years. Meanwhile, a 5% increase in unit price is also included in the estimated prices to reflect inflation.

The basis of pricing were determined by the Management and based on their past experience and were supported by signed contracts and quotations.

The Mobile POS system had been successfully launched by the Target in 2017 and the Management expect that Mobile POS system will enjoy a continuously growth in coming years because once their existing customers (using the existing POS system) start to realize the benefits of the Mobile POS system, they would increase the number of licenses of Mobile POS system in addition to their existing POS Solution system. The Management consider that the benefits of the Mobile POS system include (i) easy for searching inventory and product price; (ii) improving customer service and enhancing shopping experience; and (iii) streamlining the order taking process.

The Management expect a growth of 5% per annum which was mainly based on (i) organic growth in the market share of the Company, based on past experience, a portion of customers come from referrals from existing customers (e.g. retail operators and service providers); and (ii) the increase in the number of licenses customers using their Mobile POS after they find satisfactions with the benefits arising from using Mobile POS as delineated in the above paragraph.

There are six contracts secured after the BOSS Group had successfully developed the Mobile POS in 2017.

Membership App Solution

The second new product line is the sales of Membership App Solution to the customers. Membership App Solution is an app-based shop and membership management system operates as on-line interface for the physical stores.

There are three revenue components arising from the sales of Membership App Solution, being (i) one-off set-up fee of the system; (ii) subsequent maintenance fees for each of the Membership App Solution sold; and (iii) back-end-fee.

		Mar 2018 *(Actual & Unaudited)*	**Mar 2018** *(Forecast)*	**Mar 2019** *(Forecast)*	**Mar 2020** *(Forecast)*	**Mar 2021** *(Forecast)*	**Mar 2022** *(Forecast)*
Sales of new system (one off) *(Note 1)*	Unit	5	5	4	9	17	35
	Price per unit (average)	505,000	500,000	525,000	551,250	578,813	607,753
	Subtotal:	2,525,000	2,500,000	2,100,000	4,961,000	9,840,000	21,271,000
Maintenance fee (cumulative and per year) *(Note 2)*	Cumulated unit	–	–	5	9	18	35
	Price per unit (average)	–	–	75,000	76,875	78,813	82,688
	Subtotal:	–	–	383,000	627,000	1,477,000	2,922,000
Back-end-fee (cumulative and per year) *(Note 3)*	Cumulated Unit	5	5	10	13	25	45
	Price per unit (average)	150,500	150,000	157,500	165,375	173,644	182,326
	Subtotal:	753,000	750,000	1,575,000	2,150,000	4,341,000	8,204,000
Total		3,278,000	3,250,000	4,058,000	7,738,000	15,658,000	32,397,000

Note 1: Selling price per unit of Membership App Solution, which mainly consists of the interface design, permanent license fee, function design and basic system customization is assumed to be HK$500,000 as at March 2018. An increment per year at a growth rate of 5% will follow. The number of new system to be sold is forecast to increase from five units for the year ended 31 March 2018 to 35 units for the year ending 31 March 2022. This forecast is based on (i) the major signed sales contracts and quotations which will bring about total revenue and potential sales revenue amounting to approximately HK$5.8 million as delineated in the paragraphs below and (ii) the Management's assumption and market practice that customers would revamp their Membership App Solution in two to three years from the date of purchase.

Note 2: The basic maintenance price per unit, which mainly consists of daily technical support and maintenance services, for the Membership App Solution is assumed to be 15% of the selling price, being HK$75,000 per unit per year as at March 2018. An increment per year at a growth rate of 5% will follow. The forecast of increase in cumulated unit is based on (i) the signed contracts with customers (under which maintenance fee would be charged on customers on annual basis) and (ii) estimation based on historical sales data that the Target Company successfully sold maintenance service packages to customers. One-off maintenance fee is charged on customers on annual basis for their access to various functional and technical services provided by the Target Company, such as user hotline support, training, bug-fixing, periodic system patches etc. Based on experience of Management, most of their customers (e.g. retail operators and service providers) experience high staff turnover and thus hotline support and training are essential towards the continued use of their systems (which are included as part of the maintenance package and provided by the maintenance team of the Target Company). Similarly, their customers require frequent updates to systems parameters setting (such as inventory specifications). Hence, system upgrades are also considered essential by the customers. In these regards, the Management consider that majority of their customers are willing to pay for one to two years of maintenance service.

Note 3: A back-end-fee for each Membership App Solution, which mainly consists of provision of information system solution for management of orders received from Mobile POS, is assumed to be HK$150,000 per customer per year as at March 2018. An increment per year at a growth rate of 5% will follow. The forecast of increase in cumulated unit for back-end-fee from five units for the year ended March 2018 to 45 units for the year ending 31 March 2022 is based on the signed contracts with customers (under which back-end-fee will be charged on customers on annual basis) and estimation based on historical sales data. Further, according to the analysis of Bloomberg as of 27 April 2018, Hong Kong's YOY GDP growth for 2019 and 2020 is forecast to be continuous at 2.6% per year. In light of the trend of continuous growth in Hong Kong's economies and retail market, it is expected that the demand for the Membership App Solution which cater the needs of retail operators and service providers (as delineated on page IV-15 below of this circular) will increase in the coming years. Meanwhile, a 5% increase in unit price is also included in the estimated price to reflect inflation.

The basis of pricing were determined by the Management and based on their past experience and were supported by signed contracts and quotations.

The above forecasted revenue is an indicative benchmark prices only and had not taken into the account for other additional modules or specific customization requirements for individual customers to be included in the Membership App Solution, such as specific membership function, e-membership card, e-coupon redemption function etc.

Prior to the execution of the Sale and Purchase Agreement, the BOSS Group had already signed new sales contracts with four customers in relation to the provision of Membership App Solution and had in pricing negotiation stage with three customers, all of which are related to the new revenue stream of provision of Membership App Solution. Major signed sales contracts and quotations are set out below. Total revenue and potential sales revenue amount to be generated from provision Membership App Solution are approximately HK$5.8 million.

– Sporting venues operators – one signed contract for membership management, service offering include membership enrolment application; online payment gateway; web interface; system integration service and content management system;

– Sizable local conglomerate retail shops – five quotations, service offering include Point of Sales ("**POS**") system and system implementation service;

– Sizable local fashion appeal retailers – one quotation, service offering included membership management, membership 'card', coupon redemption system.

Each of the contract value ranges from HK$350,000 to HK$500,000. Management expects the above potential revenue from quotations will be fully recognised during the year ending 31 March 2019. These contracts and quotations will also generate subsequent maintenance revenue in the future. Generally, the maintenance contracts are valid for one year and subjected to renewal. Based on past experience, most of the customers are willing to renew for the maintenance contracts.

The Management expect that Membership App Solution will be a trend for chain-store retail operating model in future. The Management consider that the benefits of the Mobile POS system include (i) attract customers; (ii) rewarding loyal customers; and (iii) improving customer service and enhancing shopping experience.

Existing Product

Existing Products include *inter alia* SmartWin POS system and other related hardware such as cash registers and touch screen monitors.

Revenue generated from Existing Products includes (i) revenue of sales of hardware such as cash registers and touchscreen monitors, (ii) annual maintenance service fee, (iii) upgrade options fees and (iv) additional system enhancement fee.

The BOSS Group has been selling the POS Solution for over ten years and annual sales of its products amount to approximately HK$10.0 million for each of the last three financial years 2015/16, 2014/15 and 2013/14.

Management stated that about 50% of its sales came from the referral of customers that are existing users of its POS Solution, hence Management believes that its products had been well-received by the customers. With reference to the historical growth of the BOSS Group for the last ten years, the average revenue growth is 16.6%, with highest revenue YoY growth rate reaching 58%. Management adopts the YOY of a more extended period to reflect the cyclical nature of the macroeconomic trend. The performance of the Company depends largely on the retail business segment, their sales depends on the confidence of the retail operators' outlook and expectation of the general retail market growth The ten year period, as explained by the Management, include both market troughs and market peaks (such as the influx of visitors from Mainland). Thus the Management regards this as a reliable estimation of the forecast growth.

Management's revenue forecast

With reference to the management accounts of the BOSS Group for the eleven months ended February 2018, the BOSS Group had a revenue of HK$19.9 million which had already met approximately 98% of the 2018 forecast revenue.

For the forecast period of four financial years ending 31 March 2022, it is expected that the majority of the growth will be contributed by the Mobile POS and the Membership App solution since they could offer a seamless shopping experience to the patrons of customers. Instead of the traditional business practice of collecting payment from patron at cash register, which usually concluded the patron's visit, Mobile POS allows payment to be collected by the customers' staff with mobile devices at any point and anywhere within the business premises. Hence instead of disrupting the shopping experience, the shopping experience could potentially be lengthened with this seamless payment experience. Membership App Solution allows the customers to virtually extend their shops beyond their physical boundary. It is expected that the contribution of these two new product lines would account for approximately 35% for 2018 to approximate 70% of the total revenue for 2022.

In terms of growth rate for the two new products, aside from the realization of potential sales, the Management expects the pricing of the product and service to increase by approximately 5% per year.

Accordingly, for the total revenue growth from sales of the existing and new products, the Management expects the increment from 2018 to 2019 to be approximately 23%, approximate 40% from 2019 to 2020, approximately 50% from 2020 to 2021, and approximately 63% from 2021 to 2022.

*Cost of sales ("**COGS**")*

HKD'000	**Mar 2017** (Actual)	**Mar 2018** (Forecast)	**Mar 2019** (Forecast)	**Mar 2020** (Forecast)	**Mar 2021** (Forecast)	**Mar 2022** (Forecast)
COGS	3,473	3,474	4,051	4,723	5,508	6,423
YoY			*17%*	*17%*	*17%*	*17%*

Based on discussion with the Management, year-to-date COGS up to November 2017 is about HK$2.25 million, and the forecasted COGS was assumed to increase by approximately 17% p.a. during the projection period.

Majority of the forecasted COGS is made up of salaries attributed to customization of the products. This represents the cost involved in delivering of software solutions and maintenance services provided by the BOSS Group. Since the new products had already been developed by the BOSS Group in the previous financial years using their existing team of staff and the new products had also been launched, the Management does not expect additional and substantive development cost required during the forecast period.

*General and Administration Expenses ("**G&A Expenses**")*

HKD'000	**Mar 2017** (Actual)	**Mar 2018** (Forecast)	**Mar 2019** (Forecast)	**Mar 2020** (Forecast)	**Mar 2021** (Forecast)	**Mar 2022** (Forecast)
G&A Expenses	2,567	2,727	2,808	2,893	2,979	3,069
YoY			*3%*	*3%*	*3%*	*3%*

General and administration expenses are assumed to increase by 3% p.a. during the projection period. Personnel cost, including salary and other staff benefits such as MPF, account for the majority of the G&A expense.

The salary is made up of salaries that cannot be directly allocated to each of the projects. Hence this represents the various cost involved in delivering of products sold and services provided by BOSS Group. Since the new products had already been developed by the BOSS Group in the previous financial years using their existing team of staff and the new products had also been launched, the Management does not expect additional and substantive G&A expenses required during the forecast period.

The Company had invested their resource in year 2016/17 into the development of their products, and since their product has already been launched, marketed and sold to the market, their reliance on their human resource for further development is not expected.

Hence the substantial increase in salary is not expected in coming years. Further, Management of the Company expected that there would be flexibility on the number of staff as, generally speaking, the administrative workload for a technology company is not substantial. Further, Management expected flexibility in terms of work allocation and employment terms (such as working hours). In addition, Management believes that there will be efficiency gain to be realized as their product becomes more mature.

Other income/(expenses)

It mainly refers to interest income from bank and other sundry items. It is assumed to be flat at about HKD42 thousand based on historical figures for financial year ended 31 March 2017.

Finance expenses

It mainly refers to bank charges, and interest expenses. It is assumed to be flat at about HKD57 thousand based on historical figure for financial year ended 31 March 2017. Finance lease obligations and bank borrowing amounted to HKD141,103 and HKD1,324,634 respectively as of Valuation Date. The Management assumed no new borrowing of debt during the projection period, therefore, assumed a flat finance expenses.

Income Taxes

Based on discussions with Management and prospects of business of the company, the statutory income tax rate of 16.5% is assumed by the Management throughout the projection period.

Depreciation

Depreciation expenses were estimated by the Management based on existing and future capital expenditure needs and depreciable life of fixed assets as provided by Management of the company. The fixed assets comprises mainly of electronic equipment and the depreciation life is assumed to be 5 years.

Net Working Capital

The working capital requirements are projected by the Management based on working capital needs. Accounts receivable, accounts payable and receipt in advance turnover days are assumed to be 60 days, 60 days and 30 days respectively.

CAPEX

Capital expenditure is estimated by the Management of the Target Group and is considered to be minimal during the projection period as the Target Group operates a software company, and do not expect any substantial investment in property, buildings nor machinery by its business nature.

Cash Flow

The debt-free cash flow for each year of the projection period was calculated as follows: net income, plus after-tax interest expense, plus depreciation and amortization, if any, less incremental investments in working capital, and Capex. An appropriate discount rate corresponding to each Valuation Date was applied to the after-tax cash flow over the projection period to derive the present value of the projected debt-free cash flows. The discount rate is discussed in further detail later in this report.

Terminal Value

The terminal value was calculated by applying the Gordon Growth Model using the terminal year debt-free net cash flow. Additional working capital requirement was deducted from such net cash flow. Assuming a Capex requirement equals to depreciation, and with a long-term growth rate assumption of 3 percent, the debt-free net cash flow one year after the terminal year of 2022 was then capitalized at a capitalization rate, which equals to discount rate minus long-term growth rate of 3 percent, to arrive at a terminal value (at future terminal period).

$$\textit{Terminal Value} = \frac{\textit{Normalized Finalyear Free Cashflow to Enterprise} \times (1+\textit{Terminal Growth Rate})}{\textit{Discount Rate-Terminal Growth Rate}}$$

Gordon Growth Method – Constant Growth		*(HKD'000)*
Free Cash Flow to Enterprise		63,041
Constant Growth Rate	x	3.0%
FCF IC, One Period after	=	64,932
Capitalization Rate	/	12%
Terminal Value as of end of terminal year	=	541,099
Present Value Period		3.83
Present Value Factor	x	0.59
Present Value of Terminal Value	**=**	**316,626**

The terminal growth rate represents an assumption that the company will continue to grow at a steady, constant rate into perpetuity. Typically, terminal growth rates range between the historical inflation rate and the historical GDP growth rate. 3% is adopted in our analysis.

Indicated Value of Operations – Non-Marketable Interest

The cash flows in each year of the projection period along with the terminal value were discounted to present value using the aforementioned discount rate and summed to arrive at a non-marketable value of the business enterprise.

Equity Value (Non-marketable basis)

Business enterprise is defined for this appraisal as the total invested capital that is equivalent to the combination of all interest-bearing debts (net of cash), shareholders' loans, non-controlling interests and shareholders' equity. The equity interest is equivalent to the value of the business enterprise minus debts (net of cash), tax payable, other financing obligations, and plus net non-operating assets.

Discount for Lack of Marketability ("DLOM")

DLOM is the discount normally applied in valuation of privately owned companies. The value of privately held shares is not directly comparable to the value of publicly traded securities. This is due to the fact that shareholders of privately held companies do not have the same access to trading markets that shareholders of publicly traded companies enjoy. Therefore, the fair value of the ordinary shares must be adjusted to reflect its lack of liquidity and ready market.

A number of research studies including restricted stock studies have attempted to quantify marketability discounts. Restricted stock studies are performed by comparing the prices at which a restricted stock trades vis-à-vis its publicly traded counterpart. A restricted stock is one that is identical to its company's publicly traded issue but carries a short-term restriction on marketability. In the case of transfers of restricted stock, these studies provide strong evidence for the application of a discount placed on illiquid investments.

Empirical Study on DLOM	**Mean**
SEC Institutional Investors Study	26%
Gelman Study	33%
Moroney Study	35%
Maher Study	35%
Trout Study	34%
Williamette Management Study	N.A.
Stryker/Pittock Study	N.A.
Silber Study	34%
Hall & Polacek Study	23%
Johnson Study	20%
Columbia Financial Advisors Study (1996-1997)	21%
Columbia Financial Advisors Study (1997-1998)	13%
Management Planning Inc. Study (1)	27%
Management Planning Inc. Study (2)	12%
FMV Opinions Study	22%
Average	**25.8%**

Source: page 412, "Understanding Business Valuation", Gray Trugman 2009, American Institute of Certified Public Accountants and page 14, "Discount for Lack of Marketability – Job Aid for IRS Valuation Professionals", 2009, by Internal Revenue Service (USA).

Based on the studies mentioned we concluded a marketability discount of 25% is deemed appropriate as of the Valuation Date.

Equity Value (Marketable basis)

We then multiplied the DLOM with the Equity Value (Non-marketable) basis to arrive at the fair value of the valuation subject on a marketable basis.

DISCOUNT RATE

Since the Income Approach measures the value of an asset as the present value of its future monetary benefits, application of this approach necessitates the development of an appropriate discount rate. We calculated a market derived weighted-average cost of capital for the company, which was used in determining the appropriate discount rate in the valuation of the business enterprise.

Weighted Average Cost of Capital ("WACC")

The following formula was used for calculating the weighted average cost of capital for the company:

$$WACC=R_e \times W_e + R_d \times (1-T) \times W_d$$

In which,
R_e = Cost of equity;
R_d = Cost of debt;
W_e = Weight of equity value to capital;
W_d = Weight of debt value to capital; and
T = Corporate income tax rate.

Cost of equity

In order to estimate the current market yield required on equity, we applied the Capital Asset Pricing Model ("**CAPM**") adjusted for specific risks associated with company. The CAPM is a generally accepted method for estimating investors' yield requirement and hence a company's cost of equity capital. The CAPM is represented by the following algebraic equation:

Cost of equity = Risk-Free Rate + (Relevered Beta * Market Risk Premium)
+ Small Stock Premium + Company-Specific Risk Premium

The following table summarized the inputs used in the CAPM formula.

Risk-free rate	The risk-free rate, the yield on long term government bond with respective countries of comparable companies as of the Valuation Date. 10-year Hong Kong Government bond yield of 1.807% as of the valuation date is adopted in the calculation.

Market Risk Premium

The market risk premium is the expected return on a diversified, market-weighted portfolio of common stocks less the expected return on a long-term risk-free bond. The market risk premium is based on consideration of both historical and forward-looking evidence of investors' expectations. As the company business is principally located and incorporated in Hong Kong, we adopted the Hong Kong stock market risk premium in our calculation. The adopted market risk premium is 11.6% based on 10-year average of equity market risk premium quoted from Bloomberg as of valuation date.

Beta

Beta is a measure of relative risk associated with an investment in a particular company as compared to the risk associated with an investment in a diversified portfolio of common stocks such as the S&P 500. For example, investing in a company with a beta of 1.10 means that the investment is 10.0 percent more risky than an investment in a diversified portfolio. Information of betas is available only for publicly traded companies. We reviewed the betas of the following guideline companies which are principally engaged in similar business, to ascertain a proxy for an industry beta.

Comparable company	**Stock Code**	**Levered beta**	**Unlevered beta**
China Information Technology Development Ltd	8178	0.76	0.76
Sinosoft Technology Group Ltd	1297	1.07	1.07
Chanjet Information Technology Co Ltd	1588	1.02	1.02
Anacle Systems Ltd	8353	0.37	0.37
Kingdee International Software Group Co Ltd	268	1.16	1.16
Yu Tak International Holdings Ltd	8048	0.28	0.28
Inspur International Ltd	596	0.55	0.55
Average			0.75

Once the industry average beta was estimated, the beta was relevered to reflect the target debt-to-equity ratio as estimated based on the capital structures of the guideline companies. Based on the observed average capital structure of the guideline companies, a capital structure of 100 percent equity was adopted for the calculation of the relevered betas for the guideline companies.

Small size premium

Smaller companies will tend to generate greater returns to compensate the investors for the higher risk involved. Small capitalization stocks have had both greater risk and greater returns than large capitalization stocks. In other words, as an asset class, small capitalization stocks are riskier than large capitalization stocks, but also have provided greater returns. Investors have generally been rewarded for taking the additional risk inherent in small stocks. Ibbotson Associates measures and publishes annually the small stock premium observed in US stock markets. This refers to the small stock premium. 3.74 percent, which is the size premium published for Micro-cap decile in 2015, was applied which is extracted from 2015 Ibbotson SBBI Classic Yearbook. SSR from 2015 Ibbotson SBBI Classic Yearbook is referred to because it is a leading study which directly estimates the stock return in excess of CAPM based on stock market data, and the cost of equity in this valuation engagement is also developed by CAPM. Therefore we adopted the published SSR in adjusting for the size of the valuation subject during the course of development of the cost of equity in the context of CAPM.

Company specific risk

This represents additional risk factors inherent in the company's business. Company specific premium was based upon our view of the additional risks associated with an investment. A company specific risk premium of 1 percent was applied regarding the risk in the upcoming launch of handheld point-of-sale system in the future.

Guideline Company

We searched guideline companies from Bloomberg and details of the search criteria in the selection process is described below,

1. Exchange listing: Hong Kong

2. Sector: Application Software

3. Latest financial year product segment revenue % from Enterprise Software >=70%

Guideline Company	Business Description	Enterprise Software Revenue Contribution in Latest Financial Year
8178 HK Equity	China Information Technology Development Limited, through its subsidiaries, provides the Chinese Linux operating system with kernel rewritten to cater to Chinese users and software based on Linux operating platforms for various hardware appliances, including servers and PCs in China. The Company also provides technical support and after-sales services to its customers.	100%
1297 HK Equity	Sinosoft Technology Group Limited is a provider of application software products and solutions. The Company principally develops and markets export tax software and related services, carbon management solutions, e-Government solutions.	100%
1588 HK Equity	Chanjet Information Technology Company Limited is a provider of enterprise software and services designed for micro and small scale enterprises in the People's Republic of China.	100%
8353 HK Equity	Anacle Systems Limited designs and develops enterprise software. The Company offers asset and energy management solutions. Anacle Systems serves petrochemical, real estate, pharmaceutical, and power generation industries in Asia.	100%
268 HK Equity	Kingdee International Software Group Company Limited, through its subsidiaries, develops and sells enterprise management software, e-commerce application software and middleware software. The Company also provides internet-based services and setting up e-commerce platforms for enterprises. In addition, Kingdee provides solution consulting and technical support services.	82%

8048 HK Equity	Yu Tak International Holdings Limited operates as a holding company. The Company, through its subsidiaries, provides enterprise software solutions and applications for banking, financial, and multinational companies. Yu Tak International Holdings serves clients in Hong Kong and overseas.	82%
596 HK Equity	Inspur International Limited, through its subsidiaries, distributes, sources, and resells IT (Information Technology) products in Hong Kong, China, and overseas markets.	71%

Cost of equity = 1.807% + 0.75 x 11.6% + 3.74% + 1% = 15.2% (rounded)

The selection of guideline companies is principally on a "best effort" basis i.e. by understanding the principal business of the valuation target and search for public company with attributes as similar to the valuation target as possible. Generally speaking, no two companies are exactly the same in all material aspects. Should an attribute fail to yield meaningful result, we will expand the search criteria. Customers of BOSS are quite diverse in terms of country and operation location, target customers are retail chain with sites located in Hong Kong, China and other overseas countries. We considered the selected guideline companies are suitable in terms of geographic segment as all of them are listed in Hong Kong with major revenue derived from Hong Kong and China. BOSS is specialized in retail and point-of-sale systems enterprise software while each guideline company is also principally engaged in enterprise software application as we restricted the search to product segment "Enterprise Software" only, and this should yield guideline companies as close to BOSS as possible as far as industry and product segment are concerned in our opinion.

Cost of debt

Estimating the cost of debt was based upon a review of market rates of interest bearing debt, as of the Valuation Date. The estimated cost of debt is assumed to be 5% based on prime lending rate in Hong Kong as of the valuation date.

The following table summarized the inputs to the WACC,

R_e = 15.2%
R_d = After-tax cost of debt capital is estimated to be 4.2 percent
W_e = 100%
W_d = 0%
T = An effective tax rate of 16.5 percent was utilized.

Concluded Discount Rate

Based on our calculations of the discount rate using a CAPM, the concluded WACC is estimated to be 15% (rounded).

OPINION OF VALUE

Based on the information provided and the analysis conducted, it is our recommendation that the fair value of the 100% equity interest in BOSS as of November 30, 2017, is reasonably represented in the amount of:

HONG KONG DOLLARS
THREE HUNDRED AND TEN MILLION ONLY
(HKD310,000,000)

MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the company operates or intends to operate would be officially obtained and renewable upon expiry;
- The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialized;
- There will be sufficient supply of technical staff in the industry in which the company operates, and the company will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
- There will be no major change in the current taxation laws in the localities in which the company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which the company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the company;
- Interest rates and exchange rates in the localities for the operation of the company will not differ materially from those presently prevailing;
- The company will successfully carry out its plan as planned in the projection, and there will be no material change in its business strategy;
- The availability of finance will be not a constraint on the development of the company in accordance with the projection.

LIMITING CONDITIONS

The valuation reflects the facts and conditions existing as of Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions. To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management and the company in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We have not investigated the title to or any legal liabilities of the company and have assumed no responsibility for the title to the company appraised. We would particularly point out that our appraisal was based on the information such as company background, business nature, market share, future prospecting and in particular the cash flow projections of the company provided to us.

Our conclusion of the fair value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. We assume no responsibility whatsoever to any person other than the directors and management of the company appraised in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

14 May 2018

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

Attn: The Board of Directors

Dear Sirs,

EFT Solutions Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group")

Comfort letter on profit forecast underlying the valuation of the acquisition of the 70% equity interest of Earn World Development Limited (the "Target Company") and its subsidiaries (the "Target Group") (the "Acquisition") in connection with major transaction of the Group

We report on the calculations of the discounted future estimated cash flows (the "**Profit Forecast**") on which the valuation (the "**Valuation**") report prepared by International Valuation Limited in respect of the Valuation of the transaction in connection with proposed acquisition of the 70% equity interest of the Target Company and its subsidiaries, as published in the Company's circular dated 14 May 2018 (the "**Circular**"). Capitalised terms used in this letter have the same meanings as defined in the Circular of the Company dated 14 May 2018 unless the context otherwise requires.

The Valuation which is determined based on the Profit Forecast and is regarded as a profit forecast under Rule 19.61 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").

Respective responsibilities of the directors of the Company and the reporting accountants

The directors of the Company are responsible for the preparation of the Profit Forecast for the Valuation which is regarded as a profit forecast under Rule 19.62 of the GEM Listing Rules.

It is our responsibility to report, as required by Rule 19.62(2) of the GEM Listing Rules, on the calculations of the Profit Forecast on which the Valuation is based. The Profit Forecast do not involve the adoption of accounting policies.

The Profit Forecast depend on future events and on a number of bases and assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the Profit Forecast, and thus the Valuation, are based.

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Forecast in accordance with the assumptions made by the directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of the Acquisition. Accordingly, we do not express an audit opinion.

Opinion

Based on the foregoing, in our opinion, the Profit Forecast, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company.

Yours faithfully,

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong

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)

Date: 14 May 2018

Listing Division
The Stock Exchange of Hong Kong Limited
11/F., One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Dear Sirs

Re: Major Transaction
Acquisition of Business Operating Software Solution Limited

We refer to the valuation report dated 14 May 2018 (the "**Valuation**") on Business Operating Software Solution Limited by International Valuation Limited, an independent professional valuer, as set out in Appendix IV of the circular dated 14 May 2018 (the "**Circular**") of EFT Solutions Holdings Limited (the "**Company**"), which constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules.

We have discussed with International Valuation Limited on the bases and assumptions upon which the Valuation is based. We have also considered the letter from Elite Partners CPA Limited dated 14 May 2018 as set out in Appendix V of the Circular regarding the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows are based on a number of bases and assumptions pertaining to the businesses of Business Operating Software Solution Limited. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the businesses of Business Operating Software Solution Limited may or may not achieve as expected and the variation may be material.

On the basis of the foregoing, we confirm that the discounted future estimated cash flows upon which the Valuation is based have been made after due and careful enquiry.

By order of the Board of
EFT Solutions Holdings Limited
Lo Chun Kit Andrew
Chairman and Chief Executive Officer

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the GEM Listing Rules were as follows:

		Long position			
Name of Director	**Capacity**	**Total interests in ordinary Shares**	**Total interests in underlying Shares**	**Total interests**	**Approximate percentage of total number of Shares**
Mr. Lo *(Note 1)*	Interest in controlled corporation	345,600,000	–	355,200,000	74%
	Interest of spouse		4,800,000		
	Beneficial owner		4,800,000		
Lam Ching Man ("**Ms. Lam**") *(Note 2)*	Interest of spouse	350,400,000	–	355,200,000	74%
	Beneficial owner	–	4,800,000		
Chan Lung Ming *(Note 3)*	Beneficial owner	–	24,000,000	24,000,000	5%
Lo Chun Wa *(Note 4)*	Beneficial owner	–	4,800,000	4,800,000	1%

Notes:

1. Mr. Lo is interested in the entire issued share capital of LCK and is the spouse of Ms. Lam and he is therefore deemed to be interested in the 345,600,000 Shares held by LCK and 4,800,000 underlying Shares of Ms. Lam by virtue of the SFO. The interest of Mr. Lo in 4,800,000 underlying Shares represents the interest in the share options granted by the Company to him on 9 January 2018 under the share option scheme of the Company adopted by the shareholders of the Company on 23 November 2016 ("**Share Option Scheme**"). The consideration paid by Mr. Lo on acceptance of the share options granted was HK$1.00. The exercise price is HK$0.530 per share and the exercisable period is between 9 April 2018 and 8 January 2028.

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. The interest of Ms. Lam in 4,800,000 underlying Shares represents the interest in the share options granted by the Company to her on 9 January 2018 under the Share Option Scheme. The consideration paid by Ms. Lam on acceptance of the share options granted was HK$1.00. The exercise price is HK$0.530 per share and the exercisable period is between 9 April 2018 and 8 January 2028.

3. The interest of Mr. Chan Lung Ming in 24,000,000 underlying Shares represents the interest in the share options granted by the Company to him on 18 September 2017 under the Share Option Scheme. The consideration paid by Mr. Chan Lung Ming on acceptance of the share options granted was HK$1.00. The exercise price is HK$0.320 per share and the exercise period is between 18 September 2017 and 17 September 2027.

4. The interest of Mr. Lo Chun Wa in 4,800,000 underlying Shares represents the interest in the share options granted by the Company to him on 9 January 2018 under the Share Option Scheme. The consideration paid by Mr. Lo Chun Wa on acceptance of the share options granted was HK$1.00. The exercise price is HK$0.530 per share and the exercisable period is between 9 April 2018 and 8 January 2028.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, 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 maintained by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Enlarged Group or had any options in respect of such capital were as follows:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares	Approximate percentage of issued Shares
LCK *(Note 1)*	Beneficial owner	345,600,000	72%

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, the Enlarged Group has not been notified of any other relevant interests or short positions in the issued share capital of any member of the Enlarged Group as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at Latest Practicable Date, none of the Directors has or is proposed to have a service contract with the Enlarged Group other than contracts expiring or determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensation).

5. INTEREST OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Lego Corporate Finance Limited (the "**Compliance Adviser**"), as at the Latest Practicable Date, except for (i) the Compliance Adviser's participation as the sponsor in relation to the Company's listing on GEM; and (ii) the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 13 June 2016, which commencing on 15 December 2016, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

6. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of our Directors, our controlling Shareholders and their respective close associates, and none of the Compliance Advisor and each of its directors, employees and close associates (as referred to in Rule 6A.32 of the GEM Listing Rules) had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. LITIGATION

To the best knowledge of our Directors, as at the Latest Practicable Date, the Enlarged Group was not engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration, or claim of material importance to be pending or threatened by or against any member of the Enlarged Group, that would have a material adverse effect on its financial condition and results of operation.

8. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement entered into by the Enlarged Group, which is subsisting and is significant in relation to the business of the Enlarged Group taken as a whole.

None of the Directors has any direct or indirect interest in any assets which have been since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

9. QUALIFICATIONS OF EXPERTS

The following are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Elite Partners CPA Limited	Certified Public Accountants
International Valuation Limited	Independent Professional Valuer

Each of the above experts has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Enlarged Group.

As at the Latest Practicable Date, none of above experts has any direct or indirect interest in any assets which have been since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Enlarged Group within the two years preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

(a) a sale and purchase agreement entered into among the Company, Mr. Lo and EFT Solutions International on 20 June 2016, pursuant to which Mr. Lo agreed to transfer all the issue shares of EFT Solutions to EFT Solutions International in consideration of and in exchange for the Company's agreement of allotting and issuing 900 Shares, credited as fully paid, to LCK in value of HK$10,228,401;

(b) a deed of non-competition dated 23 November 2016 and executed by the Controlling Shareholders in favour of the Company (for itself and as trustee for its subsidiaries from time to time);

(c) a deed of indemnity dated 23 November 2016 and executed by the Controlling Shareholders in favour of the Company (for itself and as trustee for its subsidiaries from time to time);

(d) an underwriting agreement dated 1 December 2016 relating to the offer to the public in Hong Kong for subscription of the public offer shares offered by the Company, entered into between, amongst others, the Company, the Controlling Shareholders, Lego Corporate Finance Limited, Quam Securities Company Limited, Brilliant Norton Securities Company Limited, Frontpage Capital Limited and Sun International Securities Limited;

(e) the Sale and Purchase Agreement; and

(f) the Supplemental Agreement.

11. GENERAL

(a) The company secretary of the Company is Mr. Luk Pok Yin. Mr. Luk Pok Yin is an associate member of Hong Kong Institute of Chartered Secretaries and an associate member of Institute of Chartered Secretaries and Administrators.

(b) The compliance officer of the Company is Mr. Lo Chun Wa.

(c) The registered office of the Company is at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

(d) The head office and principal place of business of the Company in Hong Kong is at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong.

(e) The share registrar of the Company is Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

(f) The Company's audit committee ("**Audit Committee**") comprises three independent non-executive Directors, namely Ms. Yang Eugenia, Mr. Lam Keung and Mr. Ng Ming Fai. Ms. Yang Eugenia is the chairman of the Audit Committee. The main role and functions of the Audit Committee include, but not limited to, monitoring the integrity of the Company's financial statements, reviewing the Company's financial controls, internal control and risk management systems, reviewing the Group's financial and accounting policies and practices. A summary of the biography of the members of the Audit Committee are set out below:

(i) Ms. Yang Eugenia ("**Ms. Yang**") is a practicing barrister in Hong Kong. She is a member of Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. She is also a member of Institute of Chartered Accounts in English and Wales ("**ICAEW**") and a member of the Institute of Certified Public Accountants of Pakistan. She graduated from The University of Melbourne, Australia with a Bachelor Degree in Commerce, Postgraduate Diploma in Finance and a Master Degree in Commerce (Finance). She is also a graduate of Monash University, Australia with a Bachelor of Laws Degree. From August 2005 to May 2006, Ms. Yang was an independent non-executive director of Nority International Group Limited (currently known as Wai Chun Mining Industry Group Co. Ltd. (stock code: 660), a company listed on the Stock Exchange. Ms. Yang was also an independent non-executive director of Millennium Pacific Group Holdings Limited (stock code: 8147), a company listed on GEM between June 2014 and July 2017. Ms. Yang is currently an independent non-executive director of China Oil Gangran Energy Group Holdings Limited, a company listed on GEM (stock code: 8132).

(ii) Mr. Lam Keung ("**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 and is experienced in marketing and sales of electronic products and related solutions.

(iii) Mr. Ng Ming Fai obtained a Graduate Diploma in Transportation Logistics Management from Hong Kong University of Science and Technology in May 2000 and a Bachelor of Art degree in Administrative and Financial Studies (Major in Financial Accounting and Economics) from University of Western Ontario in June 1996. He is currently a director responsible for distribution services in North Asia of Expeditors Hong Kong Ltd.

(g) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Enlarged Group in Hong Kong at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong during normal business hours on any Business Day from the date of this circular up to the date of EGM:

(a) this circular;

(b) the memorandum of association and articles of association of the Company;

(c) the annual reports of the Company for the two years ended 31 March 2017, and the interim report of the Company for the six months ended 30 September 2017;

(d) the Prospectus (which contains the audited consolidated financial statements of the Company for the two years ended 31 March 2016);

(e) the accountants' report of the Target Group prepared by Elite Partners CPA Limited as set out in Appendix II to this circular;

(f) the accountants' report prepared by Elite Partners CPA Limited in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;

(g) the valuation report of the Target Group prepared by International Valuation Limited as set out in Appendix IV to this circular;

(h) the report from Elite Partners CPA Limited on calculations of discounted future estimated cash flows in connection with the valuation of the Target Company as set out in Appendix V to this circular;

(i) the material contracts referred to in the section headed "10. Material Contracts" in this appendix; and

(j) the written consents of the experts as referred to in the section headed "Qualifications of Experts" in this appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of EFT Solutions Holdings Limited (the "**Company**") will be held at Workshop A1, 4/F, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong on Thursday, 31 May 2018 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a). the sale and purchase agreement dated 19 January 2018 (as amended by the supplemental agreement dated 29 March 2018) (collectively the "**Sale and Purchase Agreement**") entered into between Earn World Enterprises Limited as vendor (the "**Vendor**") and Rich Giant Group Limited, a wholly-owned subsidiary of the Company, as purchaser (the "**Purchaser**") in relation to the sale and purchase of 7,000 shares (the "**Sale Shares**") of Earn World Development Limited (the "**Target Company**"), representing 70% of the entire issued share capital of the Target Company as at the date of completion of the Sale and Purchase Agreement, for a total consideration of HK$210,000,000 (copies of the Sale and Purchase Agreement are marked "A" and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

(b). the issue of the promissory notes (the "**Promissory Notes**") in the aggregate principal amount of HK$194,000,000 by the Company to the Vendor (or its nominee(s)) as part of the consideration for the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement be and are hereby approved; and

(c). any one director of the Company (the "**Director**") or, if the affixation of the common seal of the Company is necessary, any one Director and the company secretary of the Company or any two Directors or such other person or persons (including a Director and/or the company secretary) as the board of Directors may appoint be and is/are hereby authorised for and on behalf of the Company to approve and execute all such documents, instruments and agreements and to do all such acts or things incidental to, ancillary to or in connection with the matters contemplated under the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Promissory Notes, as he/she/they may consider necessary, desirable or expedient."

By order of the Board
EFT Solutions Holdings Limited
Lo Chun Kit Andrew
Chairman and Chief Executive Officer

Hong Kong, 14 May 2018

Notes:

1. Any voting at the above meeting shall be taken by poll.

2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.

4. The transfer books and register of members will be closed from Saturday, 26 May 2018 to Thursday, 31 May 2018, both days inclusive to determine the entitlement of the shareholders to attend the above meeting, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30p.m. on Friday, 25 May 2018.

5. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his/her stead. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

6. As at the date of this notice, the Board comprises executive Directors Mr. Lo Chun Kit Andrew, Mr. Lo Chun Wa and Mr. Chan Lung Ming; non-executive Directors Ms. Lam Ching Man and Mr. Lui Hin Weng Samuel; and independent non-executive Directors Mr. Lam Keung, Ms. Yang Eugenia and Mr. Ng Ming Fai.