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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The board of Directors of the Company (the "**Board**") is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2017, together with the comparative figures for the year ended 31 March 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Revenue	*4*	**53,282**	45,986
Cost of goods sold and services		**(31,234)**	(25,285)
Gross profit		**22,048**	20,701
Other income	*6*	**193**	203
Other losses		**(183)**	(71)
Administrative expenses		**(7,678)**	(3,499)
Listing expenses		**(13,078)**	(973)
Finance cost	*7*	**(168)**	(235)
Profit before tax	*8*	**1,134**	16,126
Income tax expense	*9*	**(2,429)**	(2,828)
(Loss) profit and total comprehensive (expense) income for the year		**(1,295)**	13,298
(Loss) earnings per share			
– **Basic** (HK cents)	*11*	**(0.31)**	3.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**1,080**	1,250
Investment in an associate		**–**	–
Rental deposits	*12*	**246**	186
		1,326	1,436
Current assets			
Inventories		**960**	–
Trade and other receivables	*12*	**14,667**	11,566
Amount due from a director		**–**	6,537
Amount due from a related company		**–**	2,203
Tax recoverable		**445**	–
Bank balances and cash		**46,420**	4,163
		62,492	24,469
Current liabilities			
Trade and other payables	*13*	**5,397**	1,106
Bank borrowings		**314**	8,972
Tax payable		**–**	4,542
		5,711	14,620
Net current assets		**56,781**	9,849
Net assets		**58,107**	11,285
Capital and reserves			
Share capital		**4,800**	–
Share premium and reserves		**53,307**	11,285
Total equity		**58,107**	11,285

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

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

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

1. GENERAL

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

The Company's shares (the "**Shares**") were listed on the GEM of the Stock Exchange on 15 December 2016 (the "**Listing**").

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

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

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

Pursuant to the group reorganisation completed on 20 June 2016 (the "**Reorganisation**"), the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" of the prospectus of the Company dated 5 December 2016 (the "**Prospectus**").

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRS 2014 – 2016 Cycle[5]

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

HKFRS 9 Financial Instruments

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

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

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

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

HKFRS 15 Revenue from Contracts with Customers

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

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

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

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

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

HKFRS 16 Leases

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

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

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

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

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

4. REVENUE

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

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

5. SEGMENT INFORMATION

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

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

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

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

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

Year ended 31 March 2017

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

Year ended 31 March 2016

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

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

Segment assets and liabilities

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

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

	2017	2016
	HK$'000	*HK$'000*
Segment liabilities		
Sale of hardware devices	**1,509**	–
System support and software solution services	**1,196**	116
Total segment liabilities	**2,705**	116
Unallocated liabilities:		
Other payables and accrued expenses	**2,692**	990
Bank borrowings	**314**	8,972
Tax payable	**–**	4,542
Consolidated liabilities	**5,711**	14,620

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

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

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

Other segment information

Year ended 31 March 2017

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

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

Geographical information

Non-current assets by geographical location

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

Revenue by geographical location

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

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

Information about major customers

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

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

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

6. OTHER INCOME

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

Note: For the year ended 31 March 2017, interest in relation to the mortgage arrangements amounting to approximately HK$19,000 (2016: HK$142,000) were charged to Mr. Lo. Such interest income has been recognised by the Group as other income and the related bank interest expense is recorded in finance cost (see Note 7).

7. FINANCE COST

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

8. PROFIT BEFORE TAX

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

9. INCOME TAX EXPENSE

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

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

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

10. DIVIDENDS

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

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

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

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

11. (LOSS) EARNINGS PER SHARE

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

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

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

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

12. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Current assets		
Trade receivables	**13,092**	8,730
Prepayment and other deposits	**1,575**	2,576
Deferred listing expenses	**–**	260
Total	**14,667**	11,566
Non-current asset		
Rental deposits	**246**	186

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

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

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

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

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

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

Movement in the allowance for trade receivables:

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

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

13. TRADE AND OTHER PAYABLES

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

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

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

14. RELATED PARTY TRANSACTIONS

The Group entered into the following significant transactions with related parties during the year:

Name of related party	Nature of transactions	2017 *HK$'000*	2016 *HK$'000*
EFT Payments (Asia) Limited	Sale of hardware devices	**3,661**	1,129
	Provision of EFT-POS system support services	**795**	266
	Management income received	**60**	60
	Rental income received	**47**	–
Mr. Lo	Interest income received	**19**	142
	Rental expense paid	**972**	897
Ms. Lam Ching Man ("**Ms. Lam**") *(Note 1)*	Rental expense paid	**324**	324
Mr. Lo Chun Wa *(Note 2)*	Rental expense paid	**180**	105

Note 1: Ms. Lam is a Director and the spouse of Mr. Lo.

Note 2: Mr. Lo Chun Wa is a Director and the brother of Mr. Lo.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND STRATEGY

During the year ended 31 March 2017, the Group continued its efforts in developing the sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services and maintained steady growth of approximately15.9% in total revenue.

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

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

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

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

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

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

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

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

USE OF PROCEEDS

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

- approximately 20.6%, or HK$7.2 million, will be used to expand our information technology workforce for total EFT-POS solutions;
- approximately 12.6%, or HK$4.4 million, will be used to expand our information technology workforce for acquiring host software services;
- approximately 12.6%, or HK$4.4 million, will be used to expand our business development workforce;

- approximately 1.4%, or HK$0.5 million, will be used to enhance our information technology and network system;

- approximately 4.6%, or HK$1.6 million, will be used for property improvements to accommodate new headcount;

- approximately 23.3%, or HK$8.1 million, will be used for potential future strategic acquisitions or arrangements to expand our product portfolio or increase our market share; and

- the remaining amount of approximately HK$8.7 million, representing approximately 24.9% of the net proceeds from the issue of new Shares under the Public Offer and Placing, will be used to provide funding for our working capital and other general corporate purposes.

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

- approximately HK$0.1 million has been used to expand our information technology workforce for total EFT-POS solutions;

- approximately HK$0.1 million has been used to expand our business development workforce;

- approximately HK$0.1 million has been used to enhance our information technology and network system;

- approximately HK$0.1 million has been used for property improvements to accommodate new headcount; and

- the remaining balance of approximately HK$34.5 million is placed with a licensed bank in Hong Kong.

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

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

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

FUTURE OUTLOOK

The Listing of the Shares not only enables the Company to raise additional equity financing through the Public Offer and Placing, but also raises the corporate profile of the Group. The enhanced corporate profile facilitates the Group in implementing its business strategies and the future plans as set forth in the Prospectus.

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

FINANCIAL REVIEW

Revenue

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

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

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

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

Costs of Goods Sold and Services

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

Gross Profit and Gross Profit Margin

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

Other Income

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

Staff Costs

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

Listing Expenses

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

Other Administrative Expenses

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

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

Finance Cost

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

Income Tax Expense

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

(Loss) Profit for the Year

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

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

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

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

As at 31 March 2017, the gearing ratio (calculated on the basis of total bank borrowings divided by the total equity as at the end of the year) of the Group was approximately 0.54% (2016: approximately 79.5%).

PLEDGE OF ASSETS

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

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

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

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

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

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

CAPITAL STRUCTURE

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

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in note 5 to the consolidated financial statements of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS

Save for the Reorganisation during the year ended 31 March 2017, the Group did not have any material acquisition and disposal. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" of the Prospectus.

EMPLOYEES AND REMUNERATION POLICIES

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

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

FINAL DIVIDEND

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

CLOSURE OF THE REGISTER OF MEMBERS

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

The Audit Committee was established on 23 November 2016 in compliance with Rule 5.28 of the GEM Listing Rules. As at 31 March 2017, the Audit Committee comprised three Independent Non-executive Directors, namely Mr. Lui Hin Weng Samuel, Mr. Lam Keung and Mr. Pang Victor Ho Man. Mr. Lui Hin Weng Samuel is the chairman of the Audit Committee.

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

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 March 2017 and was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

EVENT AFTER THE REPORTING PERIOD

The Board is not aware of any significant event subsequent to 31 March 2017 and up to the date of this announcement.

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

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

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 21 June 2017

As of the date of this announcement, the Board comprises executive Directors Mr. Lo Chun Kit Andrew and Mr. Lo Chun Wa; non-executive Director Ms. Lam Ching Man; and independent non-executive Directors Mr. Lam Keung, Mr. Lui Hin Weng Samuel and Mr. Pang Victor Ho Man.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk and the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and be posted on the website of the Company at www.eftsolutions.com.