

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

PUBLIC OFFER AND PLACING

Sole Sponsor



Sole Bookrunner and Sole Lead Manager



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

EFT Solutions Holdings Limited 俊盟國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PUBLIC OFFER AND PLACING

Number of Offer Shares	: 120,000,000 Shares, comprising 96,000,000 New Shares and 24,000,000 Sale Shares
Number of Placing Shares	: 108,000,000 Shares, comprising 84,000,000 New Shares and 24,000,000 Sale Shares (subject to re-allocation)
Number of Public Offer Shares	: 12,000,000 New Shares (subject to re-allocation)
Offer Price	: Not more than HK\$0.60 and expected to be not less than HK\$0.40 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.01 per Share
Stock code	: 8062

Sole Sponsor



Sole Bookrunner and Sole Lead Manager



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Sole Lead Manager (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholder) on or around Friday, 9 December 2016 or such later date as may be agreed by the Sole Lead Manager (for itself and on behalf of the Underwriters), and us (for ourselves and on behalf of the Selling Shareholder), and in any event no later than Tuesday, 13 December 2016. The Offer Price will not be more than HK\$0.60 per Offer Share and is currently expected to be not less than HK\$0.40 per Offer Share unless otherwise announced.

Investors applying for the Public Offer Shares must pay, on application, the indicative maximum Offer Price of HK\$0.60 per Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund. The Sole Lead Manager (for itself and on behalf of the Underwriters), with our consent, may reduce the indicative Offer Price range stated in this prospectus and/or the number of Offer Shares being offered at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on our website at www.eftsolutions.com and the website of the Stock Exchange at www.hkexnews.hk, not later than the morning of the last day for lodging applications under the Public Offer. If, for any reason, our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by that date or such later date as agreed by our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in the section headed "Risk factors" in this prospectus.

Prospective investors of the Share Offer should note that the Sole Sponsor and/or the Sole Lead Manager (for itself and on behalf of the Underwriters) is entitled to terminate their obligations under the Underwriting Agreements by notice in writing to our Company, upon the occurrence of any of the events set forth under the sub-section headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

5 December 2016

CHARACTERISTICS OF GEM

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

	Date <i>(Note 1)</i>
Application lists open <i>(Note 2)</i>	11:45 a.m. on Thursday, 8 December 2016
Latest time for lodging WHITE and YELLOW Application Forms and to give electronic application instructions to HKSCC <i>(Note 3)</i>	12:00 noon on Thursday, 8 December 2016
Application lists of the Public Offer close	12:00 noon on Thursday, 8 December 2016
Expected Price Determination Date <i>(Note 4)</i>	Friday, 9 December 2016
Announcement of the Offer Price, the level of indication of interest in the Placing, level of applications in the Public Offer and basis of allotment of the Public Offer Shares under the Public Offer to be published on our Company’s website at www.eftsolutions.com and the website of the Stock Exchange at www.hkexnews.hk on or before	Wednesday, 14 December 2016
Results of applications and Hong Kong identity card/ passport/Hong Kong business registration numbers of successful applicants under the Public Offer to be available through a variety of channels as described under the sub-section headed “How to apply for the Public Offer Shares – Publication of results” in this prospectus including our Company’s website at www.eftsolutions.com and the website of the Stock Exchange at www.hkexnews.hk on or before	Wednesday, 14 December 2016
Results of allocations in the Public Offer will be available at www.ewhiteform.com.hk/results with a “search by ID” function on	Wednesday, 14 December 2016
Despatch/collection of Share certificates of the Offer Shares or deposit of Share certificates of the Offer Shares into CCASS in respect of wholly or partially successful applications under the Public Offer on or around <i>(Notes 5 and 7)</i>	Wednesday, 14 December 2016
Despatch/collection of refund cheques in respect of wholly successful (if applicable) and wholly or partially unsuccessful applications under the Public Offer on or around <i>(Notes 6 and 7)</i>	Wednesday, 14 December 2016
Dealings in the Shares on GEM to commence at	9:00 a.m. on Thursday, 15 December 2016

EXPECTED TIMETABLE

Notes:

- 1 All times and dates refer to Hong Kong local time and dates unless otherwise stated in this prospectus. We will publish an announcement on the website of the Stock Exchange at www.hkexnews.hk and our website at www.eftsolutions.com if there is any change to the above expected timetable.
- 2 If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 8 December 2016, the application lists will not open or close on that day. Please refer to the sub-section headed “How to apply for the Public Offer Shares – 9. Effect of bad weather on the opening of the application lists” in this prospectus. If the application lists do not open and close on Thursday, 8 December 2016, the dates mentioned in this section headed “Expected timetable” may be affected.
- 3 Applicants who apply by giving electronic application instructions to HKSCC should refer to the section headed “How to apply for the Public Offer Shares – 5. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
- 4 The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around Friday, 9 December 2016. If, for any reason, the Offer Price is not agreed between the Sole Lead Manager (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholder) by Friday, 9 December 2016 or such later date as may be agreed by the Sole Lead Manager (for itself and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholder), and in any event no later than Tuesday, 13 December 2016, the Share Offer (including the Public Offer) will not proceed and will lapse.
- 5 Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Thursday, 15 December 2016 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the Underwriting Agreements has not been terminated in accordance with its terms. If the Share Offer does not become unconditional or the Underwriting Agreements is terminated in accordance with its terms, we will make an announcement as soon as possible.
- 6 Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund cheque.
- 7 Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Public Offer Shares under the Public Offer and have indicated in their Application Forms that they wish to collect any refund cheques and share certificates in person, may do so from our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, between 9:00 a.m. to 1:00 p.m. on Wednesday, 14 December 2016. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporation’s chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to Hong Kong Branch Share Registrar at the time of collection. Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares under the Public Offer may collect their refund cheques, if any, in person but may not elect to collect their share certificates which will be deposited into CCASS for the credit of their designated CCASS participants’ stock accounts or CCASS investor participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants. Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post at the applicants’ own risk to the addresses specified in the relevant Application Forms. Further information is set out under the sub-section headed “How to apply for the Public Offer Shares – 13. Despatch/collection of share certificates and refund of application monies” in this prospectus.

Particulars of the structure of the Share Offer, including the conditions thereto, are set out in the section headed “Structure of the Share Offer” in this prospectus.

CONTENTS

This prospectus is issued by us solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdiction are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdiction pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective affiliates, directors, officers, employees, agents or representatives, or any other person or party involved in the Share Offer.

The contents of our Company's website at www.eftsolutions.com do not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Various expressions used in this summary are defined in the section headed “Definitions” in this prospectus.

BUSINESS OVERVIEW

We are a leading electronic fund transfer at point-of-sale (“EFT-POS”) solution provider focusing on providing EFT-POS terminal and peripheral device sourcing and EFT-POS system support service in Hong Kong. We position ourselves as the link between EFT-POS terminal manufacturers and acquirers (i.e. acquiring bank or payment processor that processes credit or debit card payments on behalf of a merchant) to provide total EFT-POS solutions including sourcing of EFT-POS terminals and peripheral devices services, together with developing software that comply with electronic payment standards acceptance certification, installation and ongoing maintenance and repair services of EFT-POS terminals and other related services (the “EFT-POS System Support Service”). We also provide customised project-based software solution services to merchants.

According to Frost & Sullivan, in 2015, we ranked first in terms of revenue of EFT-POS solution providers providing EFT-POS System Support Service with a market share of 54.0% in Hong Kong. We also ranked first in terms of revenue of sales of EFT-POS terminals and peripheral devices with a market share of 57.1% in Hong Kong in 2015.

We provide sourcing of EFT-POS terminals and peripheral devices services to acquirers as well as merchants. Leveraging our experience in the electronic payment industry and our well-established business relationships with EFT-POS terminal and peripheral device manufacturers, we are able to recommend suitable EFT-POS solutions meeting the requirements of our customers. We are a value added partner (i.e. we add features or services to the EFT-POS terminals manufactured by certain EFT-POS terminal manufacturers to help merchants or acquirers to source the suitable blend of hardware and software for payment solutions and we coordinate or supervise installations of these EFT-POS terminals) of (i) Verifone Systems International Limited, a subsidiary of Verifone Systems, Inc. (Verifone Systems, Inc. and/or its subsidiaries, as the case may be, shall be referred to as “Verifone” in this prospectus) and (ii) a subsidiary of Supplier B. Verifone and Supplier B, according to Frost & Sullivan, are respectively ranked, in terms of revenue, as the top two EFT-POS terminal and peripheral device manufacturers in the world in 2015.

SUMMARY

We have established long business relationships with Verifone since August 2008, PAX Technology Limited, a subsidiary of PAX Global Technology Limited (PAX Global Technology Limited and/or its subsidiaries, as the case may be, shall be referred to as “PAX” in this prospectus) since May 2009 and Supplier B since November 2010.

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, to the best knowledge of our Directors, two, three and three respectively of the EFT-POS terminal manufacturers who were our ten largest suppliers were also our customers and one, nil and nil merchant for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016 who was our ten largest customer was also our supplier. Our Directors believe that it is not uncommon for EFT-POS terminal manufacturers to outsource EFT-POS system support service to EFT-POS solution providers to serve their customers in Hong Kong. Our suppliers are generally leading global EFT-POS terminal manufacturers, given that the market size of Hong Kong EFT-POS market is not significant, it may be impractical for them to set up their own system support team for the Hong Kong market. As such, they may utilise local EFT-POS solution providers like us to undertake the EFT-POS system support service to increase efficiency and geographical coverage.

EFT-POS terminal manufacturers and acquirers may not maintain a team to provide EFT-POS system support service in the markets in which they have a presence and will typically outsource EFT-POS system support service to EFT-POS solution providers. Our EFT-POS System Support Service involves installation, maintenance, collection, repair and other related services of EFT-POS terminals deployed by acquirers at merchants including chain stores and department stores such as PARKnSHOP, DFS, Watsons and SOGO in Hong Kong. As part of our EFT-POS System Support Service, we also provide 24/7 hotline services and basic training on the use of EFT-POS terminals to merchants. During the Track Record Period, we had service arrangements to provide EFT-POS System Support Service with four EFT-POS terminal manufacturers (covering 15 acquirers), and directly to 12 acquirers (of which six acquirers overlapped with those acquirers covered under service arrangements with the four EFT-POS terminal manufacturers) and seven major merchants, covering approximately 47,000 EFT-POS terminals as at 31 July 2016 in Hong Kong and Macau.

We also provide value-added software solution services by developing customised software on a project basis, which streamline data gathering and enhance the payment process and operation flow for the acquirers and merchants. During the Track Record Period, we developed software for our customers relating to, among others, customer relationship management and electronic retail management (“ERM”).

SUMMARY

The following table sets forth our revenue derived from our business operations during the Track Record Period:

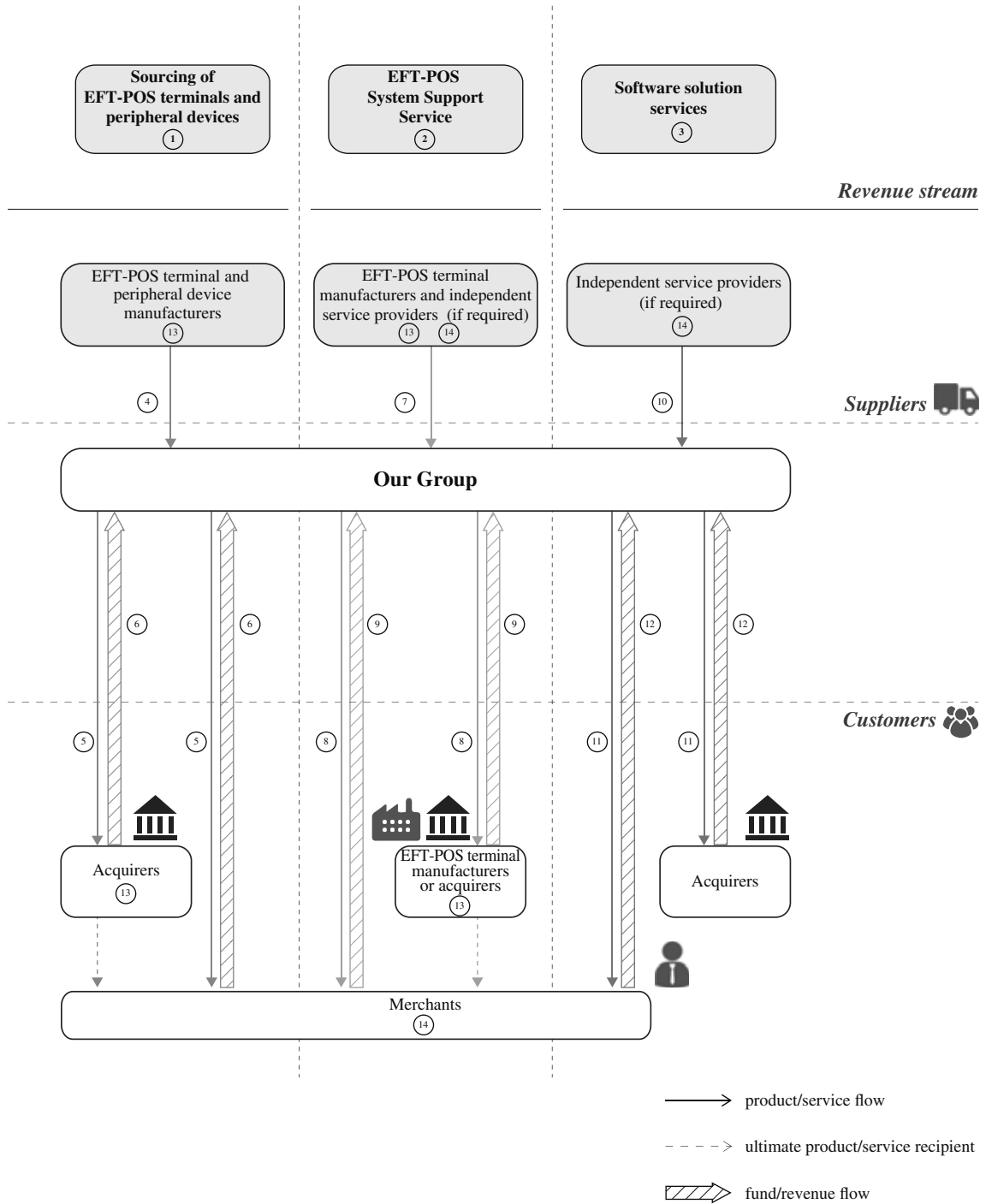
	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
EFT-POS System Support Service	19,860	56.4	24,408	53.1	8,119	38.0	7,986	47.9
Sourcing of EFT-POS terminals and peripheral devices	14,008	39.8	20,599	44.8	13,222	61.9	7,621	45.7
Software solution services	1,340	3.8	979	2.1	7	0.1	1,060	6.4
Total	<u>35,208</u>	<u>100.0</u>	<u>45,986</u>	<u>100.0</u>	<u>21,348</u>	<u>100.0</u>	<u>16,667</u>	<u>100.0</u>

Our revenue increased by approximately HK\$10.8 million from approximately HK\$35.2 million for the year ended 31 March 2015 to approximately HK\$46.0 million for the year ended 31 March 2016, representing an increase of approximately 30.6%. Whilst our revenue decreased by HK\$4.7 million from approximately HK\$21.3 million for the four months ended 31 July 2015 to approximately HK\$16.7 million for the four months ended 31 July 2016, representing a decrease of approximately 21.9%, which was due to the greater transaction amount with Customer A for the four months ended 31 July 2015 as compared to that for the four months ended 31 July 2016. To the best knowledge and belief of our Directors and according to the annual report of Customer A for the year ended 30 June 2015, the greater transaction amount was mainly due to the test phase deployment of an unified and integrated payment and taxi meter platform on its taxi fleet by Customer A. Excluding revenue derived from Customer A, our revenue increased by HK\$1.4 million from approximately HK\$12.8 million for the four months ended 31 July 2015 to approximately HK\$14.3 million for the four months ended 31 July 2016, representing an increase of approximately 11.2%. For details, please refer to the section headed “Financial information” in this prospectus.

SUMMARY

OUR BUSINESS MODEL

The key nature and major functions of our business operation are illustrated in the flowchart below:



SUMMARY

Notes:

- 1 We source EFT-POS terminals and peripheral devices from EFT-POS terminal and peripheral device manufacturers and sell to acquirers and merchants at selling prices on a cost-plus basis.
- 2 We enter into service arrangements with EFT-POS terminal manufacturers, acquirers and merchants to provide on-going EFT-POS System Support Service for a regular system support fee and adhoc service fee (where applicable). We also enter into service arrangements with a limited number of acquirers and merchants to provide certain EFT-POS System Support Service and related services on a per call basis.
- 3 We develop customised software solution services on a project basis, whereby the fee is based on, among others, complexity of the project and normally charged by milestone.
- 4 We source EFT-POS terminals and peripheral devices from EFT-POS terminal and peripheral device manufacturers.
- 5 We source EFT-POS terminals and peripheral devices for acquirers and merchants.
- 6 We sell EFT-POS terminals and peripheral devices at selling prices determined on a cost-plus basis.
- 7 EFT-POS terminal manufacturers supply us with EFT-POS terminals and parts which we utilise for system support purposes. We outsource customer service hotline to a call centre service provider, an Independent Third Party. We also engage independent on-site technicians to increase the efficiency of our EFT-POS System Support Service.
- 8 We provide EFT-POS System Support Service to merchants directly or merchants cooperating with EFT-POS terminal manufacturers/acquirers, for our full system support services which are offered throughout the year on a 24 hour basis or during set service hours, or for our non-full system support services which are offered on a per call basis.
- 9 We charge our EFT-POS System Support Service customers engaging us for full system support services a fixed monthly fee with adhoc service fees payable for certain of our services or urgent services, and our EFT-POS System Support Service customers engaging us for non-full system support services on a set fee schedule on a per call basis.
- 10 We may engage independent programmers for provision of software solution services when programming in languages not typically used in our business operations such as Android or iOS, if required.
- 11 We provide customised project-based software solution services for our software solution services customers including acquirers and merchants.
- 12 We charge an one-off development fee payable normally by milestone and an on-going maintenance service charge (where required) to customers utilising our software solution services.
- 13 During the Track Record Period, to the best knowledge and belief of our Directors, certain EFT-POS terminal manufacturers who were our ten largest suppliers were also our customers. Our Directors believe that it is not uncommon for EFT-POS terminal manufacturers to outsource EFT-POS system support service to EFT-POS solution providers to serve their customers in Hong Kong. We generally sourced EFT-POS terminals from these EFT-POS terminal manufacturers and sold them to acquirers and merchants. We also entered into service arrangements with these EFT-POS terminal manufacturers to provide EFT-POS System Support Service to their customers, which were acquirers and merchants.
- 14 For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, to the best knowledge and belief of our Directors, one, nil and nil merchant who was our ten largest customer was also our supplier. We generated revenue from the EFT-POS System Support Service provided to this merchant while engaged this merchant as an independent programmer for one of our software solution services projects rendered under our software solution services.

SUMMARY

OUR CUSTOMERS

Our Group's services and solutions are mainly targeted at EFT-POS terminal manufacturers, acquirers and merchants, with business carried on in Hong Kong.

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, revenue derived from our five largest customers accounted for approximately HK\$26.3 million, HK\$37.3 million and HK\$11.6 million, representing approximately 74.7%, 81.2% and 69.7%, of our Group's total revenue for those years/period respectively.

During the Track Record Period, PAX, being our largest customer, contributed revenue of approximately HK\$11.8 million, HK\$13.3 million and HK\$4.4 million for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively, which represented approximately 33.4%, 29.0% and 26.4% of our total revenue for the respective years/period. The principal business of PAX is development and sales of e-payment terminal products and the provision of related services. Our business relationship with PAX has been continuing since May 2009.

Apart from PAX, (i) Customer A, a leading taxi network services provider to taxi operators and drivers in Australia, whom we began relationship since 2010; (ii) Verifone ^{Note}, an international provider of designing, manufacturing marketing and supplying electronic payment solutions at the point of sale, whom we began relationship since 2008; and (iii) Customer B, provider of corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing and other financial services, whom we began relationship since 2011, were repeat top customers of our Group during the Track Record Period, who together contributed approximately 32.4%, 47.4% and 29.6% to our total revenue for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively.

For the years ended 31 March 2015 and 2016, we provided sourcing of EFT-POS terminals and peripheral devices and/or EFT-POS System Support Service to our connected persons, including EFT Payments (Asia) Limited ("EFT Payments"), Affinity Corporation Limited and Guangzhou Yifude Information Technology Company Limited (廣州依付得信息科技有限公司), amounted to approximately HK\$3.1 million and HK\$1.4 million, representing approximately 8.9% and 3.0% of our Group's total revenue for those years, respectively. Since 1 April 2016, the Other Companies (as defined in the section headed "Relationship with the Controlling Shareholders" in this prospectus) other than EFT Payments procure through EFT Payments who in turn engaged us for sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service amounting to approximately HK\$1.6 million for the four months ended 31 July 2016, representing approximately 9.4% of our total revenue for the period. Save for (i) Mr. Lo's 100% shareholding interest in each of EFT Payments, Affinity Corporation Limited and Guangzhou Yifude Information Technology Company Limited (廣州

Note: Including transactions with Verifone North Asia Limited and Verifone Singapore Pte. Ltd. which are under common control of Verifone Systems, Inc. and are deemed as one customer.

SUMMARY

依付得信息科技有限公司); and (ii) Ms. Lam's interests of 1,000 shares in Customer B, a company listed on recognised stock exchanges (our fifth largest, second largest and fifth largest customer for the year ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively), none of our Directors or their respective associates or any Shareholder holding more than 5% of the issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue held any interest in any of the five largest customers of our Group as at the Latest Practicable Date.

OUR SUPPLIERS

During the Track Record Period, our suppliers comprised of EFT-POS terminal and peripheral device manufacturers and independent service providers such as call centre service provider and independent on-site technicians. For further details on our independent service providers, please refer to the sub-section headed "Business – Procurement, suppliers and inventory – Independent service providers" in this prospectus.

Purchases from our five largest suppliers for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016 were approximately HK\$5.6 million, HK\$9.8 million and HK\$4.8 million, respectively, representing approximately 85.7%, 80.6% and 80.1% of our total cost of procurement for those years/period, respectively.

For the year ended 31 March 2015, Supplier B, which is listed on Euronext, Paris, being our largest supplier in that year, contributed cost of procurement of approximately HK\$1.8 million, representing approximately 27.6% of our total cost of procurement for that year. The principal business of Supplier B is providing seamless payment services and offering payment solutions across in-store, mobile, online and cross-channel. Our business relationship with Supplier B, has been continuing since November 2010.

For the year ended 31 March 2016, Verifone ^{Note}, which is listed on the New York Stock Exchange, being our largest supplier in that year, contributed cost of procurement of approximately HK\$4.7 million, representing approximately 39.2% of our total cost of procurement for that year. The principal business of Verifone is designing, manufacturing, marketing and supplying electronic payment solutions at the point of sale. Our business relationship with Verifone has been continuing since August 2008.

For the four months ended 31 July 2016, Castles Technology Singapore Pte. Limited, a subsidiary of Castles Technology Co., Ltd., which is listed on the Taipei Stock Exchange (Castles Technology Co., Ltd. and/or its subsidiaries, as the case may be shall be referred to as "Castles" in this prospectus) being our largest supplier in the four months ended 31 July 2016, contributed cost of procurement of approximately HK\$2.1 million, representing approximately 34.5% of our total cost of procurement for that period. The principal business of Castles is manufacturing and provision of payment solutions for financial, retail, hospitality and transportation sectors. Castles, according to Frost & Sullivan, is ranked, in terms of revenue, as a top ten EFT-POS terminal and peripheral device manufacturer in the world in 2015. Our business relationship with Castles has been continuing since December 2015.

Note: Representing transactions with Verifone Systems International Limited which is a subsidiary of Verifone Systems, Inc.

SUMMARY

As at the Latest Practicable Date, none of our Directors or their close associates or any Shareholder holding more than 5% of the issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue held any interest in any of our five largest suppliers.

OUR COMPETITIVE STRENGTHS

We believe the following strengths differentiate us from other industry participants and have enabled us to compete effectively in our industry:

- We are well positioned as a total EFT-POS solution provider to benefit from growth in the EFT-POS market in Hong Kong.
- We have an established customer base and have built up reputation in the industry.
- We have a team who possess strong technical know-how which allow us to capture future growth in the industry.
- We have well-established business relationships with our suppliers.
- We possess an experienced senior management team with in-depth knowledge of the market in which we operate.

BUSINESS STRATEGIES

Our principal business objective is to strengthen our market position in Hong Kong's electronic payment industry by increasing our capabilities and offering diverse and high quality services. To achieve it, we have formulated and intended to adopt the following strategies:

- Expand and diversify our business offering;
- Pursue market opportunities through:
 - sourcing of EFT-POS terminals and peripheral devices and provision of EFT-POS System Support Service to the Hong Kong taxi industry;
 - expanding the adoption of credit card or debit card payment and use of EFT-POS terminals, and encouraging the use of wireless EFT-POS terminals or “pay at table” devices for food and beverages service providers;
 - introducing wireless transaction reporting and acceptance of contactless smart card payment to new public car parking meters; and
 - developing real-time transaction data gathering system or “acquisition host” software to acquirers and merchants;
- Expand our information technology workforce for total EFT-POS solutions;
- Expand our information technology workforce for acquiring host software service;

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- Expand our business development workforce;
- Enhance our information technology and network system; and
- Selectively pursue strategic acquisitions and partnerships to explore opportunities in the value chain and expand our product range.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth a summary of our consolidated financial information for each of the two years ended 31 March 2015 and 2016 and each of the four months ended 31 July 2015 and 2016, which has been extracted from the Accountants' Report:

Highlights of consolidated statements of profit or loss and other comprehensive income

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(Unaudited)</i>	
Revenue	35,208	45,986	21,348	16,667
Cost of goods sold and services	(20,996)	(25,285)	(9,670)	(9,086)
Gross Profit	14,212	20,701	11,678	7,581
Profit (loss) before tax	11,557	16,126	10,685	(912)
Profit (loss) and total comprehensive income (expense)	9,674	13,298	8,922	(1,849)
 <i>Non-GAAP financial information</i>				
Profit and total comprehensive income (excluding Listing expenses)	9,674	14,271	8,922	4,743

We recorded profits for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2015. For the four months ended 31 July 2016, we recorded a loss of approximately HK\$1.8 million, mainly due to the non-recurring Listing expenses of approximately HK\$6.6 million. Excluding such Listing expenses, we recorded profit and total comprehensive income for the four months ended 31 July 2016 amounted to approximately HK\$4.7 million, which was lower than that for the four months ended 31 July 2015 of approximately HK\$8.9 million. Such decrease was mainly because of (i) the decrease in our total revenue due to the decrease in revenue generated from sourcing of EFT-POS terminals and peripheral devices primarily attributable to the decrease in revenue generated from Customer A as our Group sourced more quantity of EFT-POS peripheral devices for Customer A during the four months ended 31 July 2015 as a result of the higher procurement level in the four months ended 31 July 2015, to the best knowledge and belief of our Directors, attributable

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to test phase deployment of an unified and integrated payment and taxi meter platform on its taxi fleet in that period, and as a result our gross profit decreased from the four months ended 31 July 2015 to the four months ended 31 July 2016 accordingly; and (ii) the increase in administrative expenses as a result of the increase in staff cost. For details, please refer to the section headed “Financial information” in this prospectus.

Highlights of consolidated statements of cash flows

	Year ended of		Four months	
	31 March		ended 31 July	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>			
Operating cash flows before movements in working capital	12,418	16,856	10,855	(540)
Net movements in working capital	(3,327)	(4,671)	582	2,958
Income taxes paid	(79)	(100)	–	(3,765)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash from (used in) operating activities	9,012	12,085	11,437	(1,347)
Net cash (used in) from investing activities	(11,312)	(8,613)	(5,624)	1,765
Net cash from (used in) financing activities	3,567	(1,904)	(385)	(1,751)
	<hr/>	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	1,267	1,568	5,428	(1,333)
Cash and cash equivalents at beginning of year/period	1,328	2,595	2,595	4,163
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year/period	<u>2,595</u>	<u>4,163</u>	<u>8,023</u>	<u>2,830</u>

We recorded net cash inflow from operating activities and net increase in cash and cash equivalents for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2015. For the four months ended 31 July 2016, we recorded net cash outflow from operating activities and net decrease in cash and cash equivalents, primarily due to (i) the loss before tax for the period, which was mainly attributable to (a) the decrease in total revenue as a result of the decrease in revenue generated from sourcing of EFT-POS peripheral devices for Customer A in the four months ended 31 July 2016 as compared to that in the corresponding period in 2015 and caused the decrease in gross profit accordingly; and (b) the increase in administrative

SUMMARY

expenses as a result of the increase in staff cost; (ii) the payment of Hong Kong profit tax during the four months ended 31 July 2016; and (iii) the payment of Listing expenses during the four months ended 31 July 2016. For details, please refer to the section headed “Financial information” of this prospectus.

Highlights of consolidated statements of financial position

	As at 31 March		As at 31 July
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	7,724	1,436	1,387
Current assets	17,807	24,469	17,356
Current liabilities	12,444	14,620	9,307
Net current assets	5,363	9,849	8,049
Net assets	13,087	11,285	9,436

FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	Year ended 31 March		Four months
	2015	2016	ended 31 July
			2016
Net profit margin before interest and tax	33.5%	35.6%	(4.7)%
Net profit margin	27.5%	28.9%	(11.1)%
Return on equity	73.9%	117.8%	N/A
Return on total assets	37.9%	51.3%	N/A
Interest coverage ratio	53.1	69.6	N/A
			As at
	As at 31 March	2016	31 July
	2015	2016	2016
Current ratio	1.4	1.7	1.9
Quick ratio	1.4	1.7	1.8
Gearing ratio ^(Note 1)	75.5%	79.5%	29.9%
Debt to equity ratio	55.7%	42.6%	N/A
			<i>(Note 2)</i>

For details, please refer to the sub-section headed “Financial information – Key financial ratios” in this prospectus.

Note 1: Gearing ratio is calculated by dividing the sum of borrowings by the total equity as at the end of each year/period and multiplied by 100%.

Note 2: Debt to equity ratio was not applicable as our Group recorded net cash as at 31 July 2016.

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BREAKDOWN OF REVENUE

Revenue by types of customer

The following table sets forth the breakdown of our revenue by types of customers during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
Acquirers	14,313	40.7	25,237	54.9	14,655	68.6	9,526	57.2
EFT-POS terminal manufacturers	15,773	44.8	18,076	39.3	6,165	28.9	5,724	34.3
Merchants	5,122	14.5	2,673	5.8	528	2.5	1,417	8.5
Total	35,208	100.0	45,986	100.0	21,348	100.0	16,667	100.0

Note: The types of customers are categorised based on the direct contracting parties with us without considering the identity of the end service recipients of the EFT-POS terminal manufacturers or the customers of the acquirers.

For details, please refer to the sub-section headed “Financial information – Description and comparison of principal items in the consolidated statements of profit or loss and other comprehensive income – Revenue by types of customer” in this prospectus.

Revenue by shipment destination

The following table sets forth the breakdown of our revenue based on shipment destination or location of service rendered during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
Hong Kong	28,916	82.1	33,299	72.4	10,823	50.7	14,280	85.7
Australia	5,153	14.6	8,502	18.5	8,502	39.8	2,387	14.3
Macau	1,139	3.3	4,185	9.1	2,023	9.5	–	–
Total	35,208	100.0	45,986	100.0	21,348	100.0	16,667	100.0

Note: The geographical breakdown was prepared based on shipping destination without taking into account the re-export or onward sales (if any) of our products by our customers.

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For details, please refer to the sub-section headed “Financial information – Description and comparison of principal items in the consolidated statements of profit or loss and other comprehensive income – Revenue by shipment destination” in this prospectus.

SALES VOLUME AND AVERAGE SELLING PRICES

The table below sets forth our sales volume and average selling price of the EFT-POS terminals sourced during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	<i>Sales volume</i>	<i>Average selling price (HK\$)</i>	<i>Sales volume</i>	<i>Average selling price (HK\$)</i>	<i>Sales volume</i>	<i>Average selling price (HK\$)</i>	<i>Sales volume</i>	<i>Average selling price (HK\$)</i>
EFT-POS terminals	3,783	2,310	3,625	3,217	1,495	3,157	2,031	2,528
EFT-POS peripheral devices	6,030	874	10,480	853	10,000	850	9,600	259 ^(Note)

Note: Including 7,100 units of accessories such as plastic cases, roll handlers, cables and barcode scanners which amounted to approximately HK\$0.4 million with average selling price per unit of approximately HK\$53. Excluding these accessories, the average selling price of EFT-POS peripheral devices for the four months ended 31 July 2016 would be amounted to approximately HK\$845.

For details, please refer to the sub-section headed “Financial information – Description and comparison of principal items in the consolidated statements of profit or loss and other comprehensive income – Revenue by revenue type” in this prospectus.

PRINCIPAL COST COMPONENTS

The principal component of our costs of goods sold and services was the staff cost for our personnel directly involved in providing EFT-POS System Support Service, sourcing of EFT-POS terminals and peripheral devices and software solution services. The staff cost increased by approximately HK\$1.2 million from approximately HK\$9.9 million for the year ended 31 March 2015 to approximately HK\$11.1 million for the year ended 31 March 2016, representing an increase of approximately 12.5%. The staff cost increased by approximately HK\$0.2 million from approximately HK\$3.2 million for the four months ended 31 July 2015 to approximately HK\$3.4 million for the four months ended 31 July 2016, representing an increase of approximately 7.0%. For details, please refer to the sub-section headed “Financial information – Description and comparison of principal items in the consolidated statements of profit or loss and other comprehensive income – Costs of goods sold and services” in this prospectus.

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RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

According to Frost & Sullivan, retail performance in Hong Kong had been fluctuating in the first nine months of 2016. Retail sales value in Hong Kong recorded a decrease of 0.3%, 15.1% and 6.3%, respectively, in the first three months of 2016 when compared to that of the preceding month. However, retail sales value in Hong Kong started to pick up in April and May 2016, which recorded an increase of 1.5% and 1.7%, respectively, when compared to that of the preceding month. Although retail sales value in Hong Kong recorded a decrease of 5.8% for June 2016 when compared to that of the preceding month, it recorded an increase of 2.9% for July 2016 when compared to that of the preceding month. Retail sales value in Hong Kong recorded a decrease of 2.1% and 0.5% for August and September 2016 when compared to that of the preceding month. According to Frost & Sullivan, whilst there has been growth in online transactions through the internet in recent years, with the growth of online shopping portals such as Amazon and Taobao, physical retail stores continue to dominate retail sales in Hong Kong and will continue to do so in future due to the entrenched nature of consumer spending patterns and the manner in which consumers shop and pay for goods. The overall effect of the growth of online transactions on retail sales value in Hong Kong has been negligible as evidenced by the strong growth in retail sales between 2011 to 2013 and negligible contraction in retail sales between 2013 to 2015. Negative growth in retail sales was mainly attributable to the decline of number of mainland China tourist and slow down of global economy. While the outlook in the second half of 2016 remains relatively bleak due to stagnant growth of the PRC economy and unstable political situation in the European Union and thereby causing a decrease in the number of retail stores in Hong Kong, our Directors believe that it will not bring about serious impact on our business given our business depends on the number of terminals in use and to be used in the industry rather than the transaction value or volume of merchants. According to Frost & Sullivan, the number of EFT-POS terminals in use recorded a CAGR of approximately 0.4% from 2011 to 2015 and is expected to further increase with CAGR of approximately 3.1% from 2016 to 2020; and the penetration rate of EFT-POS terminals in use followed an increasing trend from 2011 of 69.0% to 2015 of 73.0% and is expected to further increase to approximately 79.5% in 2020, given the increasing popularity of accepting electronic payments in Hong Kong. According to Frost & Sullivan, in case there is a higher vacancy rate in commercial sector, it would likely to bring about a decline in rent and attract merchants to enter the retail market, thereby raising the demand for our products and services.

Further, according to Frost & Sullivan, with the recent introduction of mobile payment methods such as Apple Pay, Android Pay, Alipay and WeChat offline payment, it is anticipated that there would be a rapid development of mobile payment market and growth of mobile payment transactions. EFT-POS terminal manufacturers are actively developing and upgrading their EFT-POS terminals to keep abreast of the fast-paced mobile payment technology with upgraded versions of EFT-POS terminals incorporating cutting-edge mobile payment methods, which, for example in Hong Kong would involve the EFT-POS service provider to develop software that are compatible with the certification requirements. According to Frost & Sullivan, as mobile payment technologies are still at an initial introduction stage, it would require certain period of time for further technological enhancement (including security upgrade) in order to gain a relatively higher market penetration rate.

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Based on the unaudited financial information of our Group, our revenue for the three months ended 31 October 2016 was higher than our revenue for the corresponding period in 2015, mainly due to the higher revenue from sourcing of EFT-POS terminals and peripheral devices and provision of software solution services for the three months ended 31 October 2016 as compared to the corresponding period in 2015. Our revenue from EFT-POS System Support Service remained relatively stable for the three months ended 31 October 2016 as compared to the corresponding period in 2015. We recorded a loss for the three months ended 31 October 2016, which was mainly due to the expenses incurred for the Listing. Without taking into account of such non-recurring expenses, we recorded a profit for the three months ended 31 October 2016, which was higher than the profit for the corresponding period in 2015.

The impact of the Listing expenses disclosed in the sub-section headed “Financial information – Listing expenses” in this prospectus on our Group’s consolidated income statement is expected to result in or have resulted in material adverse changes in the financial or trading position or prospect of our Group since 31 July 2016, being the date to which our latest audited financial information were prepared.

Save as the impact of the Listing expenses, our Directors confirm that as at the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects of our Group since 31 July 2016, being the date to which our latest audited financial information was prepared and there had been no event since 31 July 2016 which would materially and adversely affect the information shown in our consolidated financial information included in the Accountants’ Report.

LISTING EXPENSES

Assuming the Offer Price of HK\$0.50 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the Listing expenses, which are non-recurrent in nature, are estimated to be approximately HK\$21.0 million. The Selling Shareholder will bear the Listing expenses of approximately HK\$1.5 million and the Listing expenses to be borne by us are expected to be approximately HK\$19.5 million.

We expect to incur total Listing expenses (including underwriting commission to be paid to the Underwriters) of approximately HK\$19.5 million, of which HK\$13.4 million has been or is expected to be recognised in our consolidated statements of profit or loss and other comprehensive income and approximately HK\$6.1 million is expected to be recognised as a deduction in equity directly. Listing expenses of approximately HK\$1.0 million and HK\$6.6 million were reflected in our consolidated statements of profit or loss and other comprehensive income for the year ended 31 March 2016 and the four months ended 31 July 2016 and an additional amount of approximately HK\$5.8 million is expected to be recognised in our consolidated statements of profit or loss and other comprehensive income subsequent to the Track Record Period and upon Listing during the year ending 31 March 2017. Prospective investors should note that the financial performance of our Group for the year ending 31 March 2017 is expected to be materially adversely affected by the non-recurring Listing expenses mentioned above and our net profit is expected to be significantly lower than that for the year ended 31 March 2016.

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SHARE OFFER STATISTICS

	Based on Offer Price per Offer Share of HK\$0.40	Based on Offer Price per Offer Share of HK\$0.60
Market capitalisation of our Shares	HK\$192 million	HK\$288 million
Unaudited pro forma adjusted net tangible asset value per Share	HK\$0.08	HK\$0.11

Notes:

1. The calculation of market capitalisation is based on 120,000,000 Shares expected to be issued under the Share Offer, and assuming that 480,000,000 Shares are issued and outstanding immediately following the completion of the Share Offer.
2. The unaudited pro forma adjusted consolidated net tangible asset per Share is calculated after making the adjustments referred to in Appendix II to this prospectus.

Assuming an Offer Price of HK\$0.50 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, we estimate that the net proceeds to the Selling Shareholder from the sale of the Sale Shares (after deducting proportional underwriting commissions and Listing expenses payable by the Selling Shareholder in relation to the Share Offer of approximately HK\$1.5 million) will be approximately HK\$10.5 million. Our Company will not receive any of the proceeds from the sale of the Sale Shares. For details, please refer to the section headed “Statement of business objectives and use of proceeds” in this prospectus.

DIVIDEND

During the year ended 31 March 2016, EFT Solutions declared dividends of approximately HK\$15.1 million to Mr. Lo which was distributed to Mr. Lo, the then sole shareholder of EFT Solutions, by way of setting-off with receivables from related companies which had been taken up by Mr. Lo and amounts due from Mr. Lo. Save for the aforesaid, no dividends have been declared and paid by the companies now comprising our Group to their then respective shareholders during the Track Record Period and up to the Latest Practicable Date.

The declaration of future dividends will be subject to our Directors’ decision and will depend on, among other things, our earnings, cash flow, financial condition, capital requirements, statutory reserve requirements and any other factors our Directors may consider relevant. The amount of dividend will be determined upon the completion of financial audit and will be referred to distributable profit shown on audited financial report. Currently, we do not have any predetermined dividend distribution ratio.

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OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Offer (assuming no exercise of any option which may be granted under the Share Option Scheme), LCK Group will own 75% of the post offering enlarged issued share capital of our Company. Mr. Lo has the power to exercise all the voting rights attached to the shares of LCK Group and he will continue to be our Controlling Shareholder. For further details, please refer to the section headed “Relationship with the Controlling Shareholders” in this prospectus.

REASONS FOR THE SHARE OFFER AND BENEFITS OF LISTING

Our Directors consider that having more resources to maintain and expand our expertise can help us to develop our core business of EFT-POS sourcing and EFT-POS System Support Service so as to capture potential industry growth and business opportunities following advances in technology and updates to PCI protocols 4.x, as well as new payment technologies such as Apple Pay and Android Pay, mobile payment and digital wallet services offered by Apple Inc. and Android enabled devices, respectively, as well as Alipay and WeChat offline payment.

Further, our Directors are of the view that the listing status can strengthen our market position and increase the bargaining power of our Group to deal with various counterparties.

We intend to use the net proceeds from the issue of New Shares under the Share Offer in the expansion of (i) our information technology workforce for total EFT-POS solutions; (ii) our information technology workforce for acquiring host software service; and (iii) our business development workforce to capture industry growth and business opportunities in the sectors of (a) taxis; (b) food and beverages service providers; (c) public car parking meters; and (d) acquiring host software service.

Please refer to the section headed “Statement of business objectives and use of proceeds” in this prospectus for a detailed description of our future plans.

FUTURE PLANS AND USE OF PROCEEDS

Assuming an Offer Price of HK\$0.50 per Offer Share, being the midpoint of the stated Offer Price range of HK\$0.40 to HK\$0.60 per Offer Share, the net proceeds from the issue of New Shares under the Share Offer (after deduction of underwriting fees and estimated expenses paid and payable by us in relation to the Share Offer) would be approximately HK\$28.5 million which we intend to use for the following purposes:

- approximately 25.3%, or HK\$7.2 million, will be used to expand our information technology workforce for total EFT-POS solutions;
- approximately 15.4%, or HK\$4.4 million, will be used to expand our information technology workforce for acquiring host software service;
- approximately 15.4%, or HK\$4.4 million, will be used to expand our business development workforce;

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- approximately 1.8%, or HK\$0.5 million, will be used to enhance our information technology and network system;
- approximately 5.6%, or HK\$1.6 million, will be used for property improvements to accommodate new headcount;
- approximately 28.4%, 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\$2.3 million, representing 8.1% of the net proceeds from the issue of New Shares under the Share Offer, will be used to provide funding for our working capital and other general corporate purposes.

The implementation plans of the business strategies to achieve our business objectives from the Latest Practicable Date up to the six months ending 30 September 2019 will be funded by the net proceeds from the issuance of New Shares under the Share Offer and achieved by the following means:

Objectives	Activities
Expand our information technology workforce for total EFT-POS solutions	<ul style="list-style-type: none">• recruit suitable candidates as our information technology staff• maintain the cost of additional staff
Expand our business development workforce	<ul style="list-style-type: none">• recruit suitable candidates as our business development staff• maintain the cost of additional staff
Expand our information technology workforce for acquiring host software service	<ul style="list-style-type: none">• recruit suitable candidates as our information technology staff• maintain the cost of additional staff
Enhance information technology and network system	<ul style="list-style-type: none">• purchase additional computers for new staff• purchase additional servers
Leased property improvements to accommodate new headcount	<ul style="list-style-type: none">• renovate and furnish existing premises to accommodate existing staff and new staff• rental of additional premises to accommodate additional staff and new staff• renovate and furnish new premises

For details of our future plans, use of proceeds and the implementation plans, see the section headed “Statement of business objectives and use of proceeds” in this prospectus.

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SUMMARY OF PROMINENT RISK FACTORS

There are certain risks relating to investment in the Offer Shares. Some of the particular risks in investing in the Offer Shares are further described in the section headed “Risk factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. We believe some of the more significant risk factors include: (i) we recorded net loss and net cash outflow from operating activities for the four months ended 31 July 2016 and expect to record a decrease in net profit for the year ending 31 March 2017 as compared to net profit for the year ended 31 March 2016; (ii) we rely upon a limited number of customers for a large percentage of our revenue; (iii) we may fail to extend the existing service arrangements with existing customers, or obtain new service arrangements from new customers; (iv) concentration on a number of key suppliers may affect our operations; (v) we may fail to secure additional sourcing purchase orders from existing customers, or may fail to obtain sourcing purchase orders from new customers; (vi) we may be exposed to payment delays and/or defaults by our customers, which would adversely affect our cash flow or financial results; (vii) we have limited control over our suppliers or the price and the quality of the products supplied to us and we could be exposed to liabilities and our business operations and reputation could suffer; (viii) if our business or business strategies fails to generate and increase our revenue at the expected level and pace, our overall growth and profitability would be adversely affected; (ix) our financial results may be affected by macroeconomic environment and changes in spending patterns and the manner in which consumers shop and pay for goods, particularly in light of recent contraction of retail market in Hong Kong and growth in online transactions through the internet, which may lead to decrease in the number of retail stores in Hong Kong and in turn cause a decrease in number of EFT-POS terminals; and (x) we are subject to industry and technology changes, such as the recent growth in mobile payments due to the introduction of mobile payment technologies, and are dependent on market acceptance of new products. If we are unable to adequately respond to these changes, continually enhance our existing services in a timely manner, our results of operation may be adversely affected.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in the section headed “Glossary of technical terms” in this prospectus.

“Accountants’ Report”	the accountants’ report of our Group for the two years ended 31 March 2016 and the four months ended 31 July 2016 received from our Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, and set out in Appendix I to this prospectus
“Application Forms”	WHITE and YELLOW application forms, or where the context so requires, any one or both of them, relating to the Public Offer
“Articles of Association” or “Articles”	the articles of association of our Company conditionally adopted on 23 November 2016 (with effect from the Listing) and as amended, supplemented and otherwise modified from time to time, a summary of which is set out in Appendix III to this prospectus
“Australia”	the Commonwealth of Australia
“Board” or “Board of Directors”	our board of Directors
“business day”	any day on which licensed banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of 383,999,000 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the sub-section headed “A. Further Information about our Group – 5. Written resolutions of the sole Shareholder passed on 23 November 2016” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CEO”	chief executive officer of our Company
“Chairman”	chairman of the Board
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“Companies Law” or “Cayman Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “we”, “us” or “our”	EFT Solutions Holdings Limited (俊盟國際控股有限公司), a company incorporated on 26 May 2016 under the laws of the Cayman Islands as an exempted company with limited liability, and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which was subsequently assumed by it

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and, for the purpose of this prospectus, refers to Mr. Lo and LCK Group
“Deed of Indemnity”	deed of indemnity dated 23 November 2016 and executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for our subsidiaries from time to time), details of which are set out in the sub-section headed “G. Other information – 2. Tax indemnity, other indemnity and estate duty” in Appendix IV to this prospectus
“Deed of Non-Competition”	deed of non-competition dated 23 November 2016 and executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for our subsidiaries from time to time), details of which are set out in the sub-section headed “Relationship with the Controlling Shareholders – Deed of Non-Competition” in this prospectus
“Director(s)”	the director(s) of our Company
“EFT Solutions”	EFT Solutions Limited (俊盟國際有限公司) (formerly known as Affinity International Corporation 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 our Company
“EFT Solutions International”	EFT Solutions International Limited, a company incorporated under the laws of BVI with limited liability on 27 May 2016 and is a directly wholly owned subsidiary of our Company
“Frost & Sullivan”	Frost & Sullivan Limited, an independent consulting firm that provides market research and analysis
“Frost & Sullivan Report”	an industry report prepared by Frost & Sullivan in relation to a study of EFT-POS market in Hong Kong
“GAAP”	generally accepted accounting principles
“GEM”	the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, our companies that are the present subsidiaries of our Company and/or their predecessors (as the case may be)
“HKAS(s)”	Hong Kong Accounting Standard(s)
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) (including HKASs and Interpretations) issued by HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“HK\$”, “HKD”, “Hong Kong dollar(s)” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”, “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Boardroom Share Registrars (HK) Limited
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the GEM Listing Rules) of our Company
“Latest Practicable Date”	27 November 2016, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus prior to its publication

DEFINITIONS

“LCK Group”	LCK Group Limited, a company incorporated under the laws of BVI with limited liability on 24 May 2016 and is our Controlling Shareholder and the Selling Shareholder, wholly owned by Mr. Lo, our Chairman, CEO, executive Director and Controlling Shareholder
“Lego” or “Sole Sponsor”	Lego Corporate Finance Limited, a licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activities (as defined under the SFO), being the sole sponsor of the Share Offer
“Listing”	listing of the Shares on GEM
“Listing Date”	the date, expected to be on or about Thursday, 15 December 2016, on which dealings in the Shares first commence on GEM
“Listing Division”	the listing division of the Stock Exchange
“Macau”	Macao Special Administrative Region of the PRC
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company conditionally adopted on 23 November 2016 (with effect from the Listing), a summary of which is set out in Appendix III to this prospectus
“Mr. Lo”	Mr. Lo Chun Kit Andrew (勞俊傑), our Chairman, CEO, executive Director and Controlling Shareholder
“Ms. Lam”	Ms. Lam Ching Man (林靜文), spouse of Mr. Lo, our non-executive Director
“New Shares”	96,000,000 Shares, comprising 84,000,000 Shares being offered by us for subscription or purchase under the Placing and the Public Offer Shares
“Offer Price”	the final offer price per Offer Share (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) which will not be more than HK\$0.60 per Offer Share and is expected to be not less than HK\$0.40 per Offer Share, such price to be determined in the manner as further described in the section headed “Structure of the Share Offer” in this prospectus

DEFINITIONS

“Offer Share(s)”	the Placing Shares and the Public Offer Shares
“PBOC”	The People’s Bank of China, the central bank of PRC
“Placing”	the conditional placing of the Placing Shares by the Underwriters on behalf of our Company and the Selling Shareholder at the Offer Price, as further described in the section headed “Structure of the Share Offer” in this prospectus
“Placing Shares”	the initial 108,000,000 Shares, comprising 84,000,000 New Shares being offered by us and 24,000,000 Sale Shares being offered by the Selling Shareholder, for subscription or purchase under the Placing (subject to re-allocation as further described in the section headed “Structure of the Share Offer” in this prospectus)
“Placing Underwriting Agreement”	the placing agreement relating to the Placing and to be entered into between, amongst others, our Company, the Selling Shareholder, the Controlling Shareholders, the Sole Sponsor, the Sole Lead Manager and the Underwriters on or about the Price Determination Date
“Price Determination Agreement”	the agreement to be entered into by the Sole Lead Manager (for themselves and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date to record and fix the Placing Price
“Price Determination Date”	the date on which the Offer Price is expected to be fixed, which is expected to be on or around Friday, 9 December 2016, and in any event no later than Tuesday, 13 December 2016
“prospectus”	this prospectus being issued in connection with the Share Offer
“Public Offer”	the offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and on the Application Forms

DEFINITIONS

“Public Offer Shares”	the 12,000,000 New Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer (subject to re-allocation as described in the section headed “Structure of the Share Offer” in this prospectus)
“Public Offer Underwriting Agreement”	the underwriting agreement dated 1 December 2016 relating to the Public Offer entered into between, amongst others, our Company, the Controlling Shareholders, the Sole Sponsor, the Sole Lead Manager and the Underwriters
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation of our Group conducted in preparation for the Listing, details of which are set out in the section headed “History, development and Reorganisation” in this prospectus
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Sale Shares”	a total of up to 24,000,000 Shares being offered for sale by the Selling Shareholder pursuant to the Placing
“Selling Shareholder”	LCK Group, which is our Controlling Shareholder and will be selling the Sale Shares in the Share Offer as further described in the sub-section headed “Information about this prospectus and the Share Offer – Selling Shareholder” in this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of our Company, which are to be traded in Hong Kong dollars and listed on GEM
“Share Offer”	the Placing and the Public Offer

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 23 November 2016, the principal terms of which are summarised in the sub-section headed “G. Other information – 1. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	the holder(s) of the Share(s)
“Sole Bookrunner” or “Sole Lead Manager”	Quam Securities Company Limited, a licensed corporation permitted to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, being the sole bookrunner and sole lead manager to the Share Offer
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs as approved by the SFC and as amended, supplemented or otherwise modified from time to time
“Track Record Period”	period comprising the two financial years ended 31 March 2015 and 2016 and the four months ended 31 July 2016
“Underwriters”	the underwriters in respect of the Share Offer named in the section headed “Underwriting” in this prospectus
“Underwriting Agreements”	collectively the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“U.S.”, “US” or the “United States”	the United States of America
“US\$”, “USD” or “U.S. Dollar(s)”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933 (as amended from time to time)

DEFINITIONS

“WHITE Application Form(s)”	the application form(s) to be completed in accordance with the instructions in the sub-section headed “How to apply for the Public Offer Shares – 3. Applying for the Public Offer Shares” in this prospectus
“YELLOW Application Form(s)”	the application form(s) to be completed in accordance with the instructions in the sub-section headed “How to apply for the Public Offer Shares – 3. Applying for the Public Offer Shares” in this prospectus
“%”	per cent.

In this prospectus, the terms “associate”, “close associate”, “connected”, “connected person”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings ascribed thereto under the GEM Listing Rules, unless the context otherwise requires.

No information contained in our Company’s website forms part of this prospectus.

All dates and times in this prospectus refer to Hong Kong time unless otherwise stated.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this prospectus in connection with our Company and our business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

“3G”	acronym for third generation of mobile communication standards, a mobile communications standard providing mobile phones, computers, and other portable electronic devices with wireless access to the internet
“Acquirer”	acquiring bank or payment processor that processes credit or debit card payments on behalf of a merchant
“Acquiring bank”	a member of a card association (such as American Express, MasterCard and Visa) which maintains merchant relationships and receives payment card transactions from the merchants
“Alipay”	a third party online and offline payment platform developed by Alibaba Group, an Independent Third Party, which enables customers to pay at EFT-POS terminals at merchant places
“American Express”	American Express Company, also known as “AmEx” or “Amex”, is an independent diversified global financial services company providing charge and credit payment card products and services
“Android”	an operating system developed and maintained by Google Inc., an Independent Third Party, used in touchscreen technology including, smartphones and tablets
“Capture”	the submission of a credit card transaction for processing and settlement
“card association”	a network of banks that performs transaction processing and authorisations
“China UnionPay”	China Union Pay (中國銀聯), also known as UnionPay (銀聯) or CUP, an independent payment card organisation established under the approval of the State Council and PBOC in the PRC. It is also the only interbank network in the PRC, linking the automatic teller machines (ATMs) of some fourteen major banks and various smaller banks throughout

GLOSSARY OF TECHNICAL TERMS

“Contactless”	certification by MasterCard on EFT-POS devices with contactless technology feature that allows cardholders to wave their card in front of contactless payment terminals without the need to physically swipe or insert the cards into point-of-sale devices, using RF technology
“EFT-POS”	electronic fund transfer at point-of-sale, which refers to the use of payment terminals to validate and facilitate credit or debit card transactions
“EFT-POS system support service”	installation, collection, maintenance and repair of deployed EFT-POS terminals, together with development of software complying with electronic payment standards acceptance certification
“EMV”	an international industry standard managed by EMVCo that define the rules for processing chip cards, originally named after the three organisations (Europay, MasterCard and Visa) that produced the specifications
“EMVCo”	EMVCo, an independent company jointly owned by Visa, MasterCard, JCB and American Express, managing the EMV standards and associated compliance processes
“EPS”	Electronic Payment Services, an electronic payment system in Hong Kong and Macau provided by EPS Company (Hong Kong) Limited, an Independent Third Party headquartered in Hong Kong
“iOS”	a mobile operating system developed and maintained by Apple Inc., an Independent Third Party, used exclusively in Apple touchscreen technology including iPhones, iPods, and iPads
“JCB”	Japan Credit Bureau, an independent credit card company based in Tokyo, Japan. Its English name is JCB Co., Ltd.
“LAN”	acronym for local area network, a computer network that connects computers and devices in a limited geographical area such as a merchant or department store
“MasterCard”	MasterCard Worldwide, an independent multinational corporation with its headquarters in the MasterCard International Global Headquarters in Harrison, New York, United States

GLOSSARY OF TECHNICAL TERMS

“payment processor(s)”	a network of organisations that performs transaction processing and authorisations
“payWave”	certification by Visa on EFT-POS devices with contactless technology feature that allows cardholders to wave their card in front of contactless payment terminals without the need to physically swipe or insert the cards into point-of-sale devices, using RF technology
“PCI”	Payment Card Industry Security Standards Council, an independent council originally formed by American Express, Discover Financial Services, JCB, MasterCard and Visa, which manages the Payment Card Industry Data Security Standard
“POS”	point of sale, the location where a transaction occurs
“QuickPass”	certification by China UnionPay on EFT-POS devices with contactless technology feature that allows cardholders to wave their card in front of contactless payment terminals without the need to physically swipe or insert the cards into point-of-sale devices, using RF technology
“RF”	radio frequency
“Software Development Kit” or “SDK”	EFT-POS terminal manufacturer software development toolkit that allows users to develop programming applications and software for the products of the relevant EFT-POS terminal and peripheral device manufacturer
“sourcing”	the sourcing service of EFT-POS terminals and peripheral devices provided by our Group to its customers
“Visa”	Visa Inc., an independent multinational corporation based in San Francisco, United States and commonly referred to as VISA (Visa International Service Association)
“WeChat offline payment”	a third party offline mobile payment platform by Tencent Holdings Limited and its subsidiaries, Independent Third Parties, which enables customers to pay at EFT-POS terminals at merchant places
“wifi”	the standard wireless local area network technology for connecting computers and myriad electronic devices to each other and to the internet

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plans of operation;
- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- our dividend policy;
- projects under construction or planning;
- our strategies, plans, objectives and goals;
- the regulatory environment of the industry in which our Group is operating;
- future developments, trends and conditions in the industry in which our Group is operating;
- capital market developments;
- actions and developments of competitors of our Group; and
- other statements in this prospectus that are not historical facts.

The words “anticipate”, “believe”, “could”, “expect”, “intend”, “may”, “plan”, “seek”, “will”, “would” and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

Subject to the requirements of the GEM Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

An investment in the Offer Shares involves various risks. You should consider carefully all the information set out in this prospectus and, in particular, the risks and uncertainties described below before making an investment in the Offer Shares. The occurrence of any of the following events could harm us. If any of these events occurs, our business, financial condition and results of operations could be materially adversely affected and the trading price of the Shares may decline and you could lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We recorded net loss and net cash outflow from operating activities for the four months ended 31 July 2016 and expect to record a decrease in net profit for the year ending 31 March 2017 as compared to a net profit for the year ended 31 March 2016.

For the four months ended 31 July 2016, we recorded a net loss of approximately HK\$1.8 million as compared to an unaudited net profit of approximately HK\$8.9 million for the corresponding period in 2015, primarily attributable to (i) the decrease in overall revenue mainly as a result of the decrease in revenue generated from sourcing of EFT-POS peripheral devices for Customer A in the four months ended 31 July 2016 as compared to that in the corresponding period in 2015 and caused the decrease in gross profit accordingly; (ii) the increase in administrative expenses as a result of the increase in staff cost; and (iii) the recognition of Listing expenses, which are expenses nature, during the four months ended 31 July 2016 whereas no such expenses were incurred in the corresponding period in 2015.

We recorded net cash outflow from operating activities for the four months ended 31 July 2016, primarily due to (i) the loss before tax due to the abovementioned reasons; and (ii) payment of Hong Kong profits tax during the four months ended 31 July 2016.

Listing expenses of approximately HK\$1.0 million and HK\$6.6 million were reflected in our consolidated statements of profit or loss and other comprehensive income for the year ended 31 March 2016 and the four months ended 31 July 2016 and an additional amount of approximately HK\$5.8 million is expected to be recognised in our consolidated statements of profit or loss and other comprehensive income subsequent to the Track Record Period and upon Listing during the year ending 31 March 2017. It is expected that the financial performance of our Group for the year ending 31 March 2017 will be adversely affected by the non-recurring Listing expenses mentioned above and our net profit is expected to be significantly lower than that for the year ended 31 March 2016.

RISK FACTORS

We rely upon a limited number of customers for a large percentage of our revenue. If we do not effectively manage our relationships with these customers, our financial condition and results of operation may be materially and adversely affected.

A significant percentage of our revenue is attributable to a limited number of customers. For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, our five largest customers accounted for approximately 74.7%, 81.2% and 69.7% of our revenue for the respective years/period, respectively. Although we provide EFT-POS terminal and peripheral device sourcing and/or EFT-POS System Support Service to various EFT-POS terminal manufacturers, acquirers and/or merchants during the Track Record Period, and we have been able to obtain considerable revenue from these customers, there is no assurance that we will continue to provide the same to these customers in the future. Further, even though we have been the value added partners for certain of EFT-POS terminal manufacturers, there is no guarantee that they will not terminate the relationship with us or we will continue to generate the same volume of business from these EFT-POS terminal manufacturers or at all. If any of our major customers significantly reduces transactions with us or if we are required to source EFT-POS terminals and peripheral devices or provide EFT-POS System Support Service to customers at reduced prices or on other less favourable terms, our business, prospects, financial condition and results of operations may be materially and adversely affected.

We may fail to extend the existing service arrangements with existing customers, or obtain new service arrangements from new customers.

We derived substantial revenue from the ongoing EFT-POS System Support Service by charging our customers continuing monthly service fee, which are secured by certain service arrangements entered into with our customers, which initial terms of such service arrangements generally ranging between one to three years or may be renewed automatically pursuant to such service arrangements unless it is terminated by either party generally by notice of 90 days. For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, such income accounted for approximately 56.4%, 53.1% and 47.9% of our revenue for the respective years/period, respectively. Our ability to maintain such revenue depends on our capability to renew the existing arrangements as well as secure new arrangements. Accordingly, our revenue will fluctuate depending on the number of customers secured by us.

There is also a risk that our suppliers, the EFT-POS terminal manufacturers, may also begin to offer their own EFT-POS System Support Service and directly compete with us.

We cannot assure that our existing customers will continue to engage our services for their business. If we fail to renew the existing service arrangements or secure new service arrangement from existing customers for the reasons set out above or because of increased competition or a general downturn in macroeconomic conditions, and we are unable to obtain arrangement from new customers on comparable terms or at all, our business, results of operations and financial condition could be adversely affected.

RISK FACTORS

Concentration on a number of key suppliers may affect our operations. Our business and results of operations could be materially and adversely affected should there be any disruption in the supply of EFT-POS terminals and peripheral devices from our major suppliers, material product defects, failure of suppliers' products to maintain competitiveness, or loss of the suppliers.

We rely on a limited number of suppliers for the supply of EFT-POS terminals and peripheral devices during the Track Record Period. Our five largest suppliers accounted for approximately 85.7%, 80.6% and 80.1% of our total costs of procurement for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively. If we are unable to source the EFT-POS terminals and peripheral devices from our suppliers in a timely manner and under acceptable terms, we may not be able to meet the delivery schedules or may encounter delays. Should there be any disruption in the supply of EFT-POS terminals and peripheral devices from our major suppliers, we may be unable to identify an alternative source of supply with competitive prices and satisfactory quality, thus our business and results of operations may be adversely affected.

Concentration on a number of key suppliers generally involves several risks, including the possibility of defective products from a supplier, loss of market share of supplier's products, failure of supplier's products to maintain their competitiveness because of changing trends in the EFT-POS industry or customers' preference, a shortage of product supply and loss of such suppliers. Our revenue and profitability could be materially and adversely affected, particularly when we are unable to identify alternative sources of supply for the same or similar products in a timely manner.

If our business or business strategies fails to generate and increase our revenue at the expected level and pace, our overall growth and profitability would be adversely affected.

Our Group's future business plans are based on the existing plans formulated by our Directors and some of these plans are at preliminary stages. The ability of our Group to successfully implement these business plans depends on a number of factors, including our Group's ability to the successful expansion of our business offering, the policy of the Hong Kong government, the acceptance of our new business by the target customers and some other particular factors which may be beyond the control of our Group. As such, there is no assurance that our Group's future business plans will materialise, or will materialise within the planned time frame, or that our Group's objectives will be fully or partially accomplished. In the event that our Group fails to accomplish any of its future business plans or to do so at the expected level and pace, our Group may not be able to achieve its planned future business growth and its operating results may be adversely affected. Failure to effectively manage our Group's future business plans may also lead to increased costs and reduced profitability.

Further, if our Group is unable to generate sufficient revenue from its business or its financial needs are larger than expected, our Group may need to raise funds from debt or equity financing means or make certain modifications to its current intended use of proceeds as described in the section headed "Statement of business objectives and use of proceeds" in this prospectus, which could have an adverse effect on our Group's operations and future profitability.

RISK FACTORS

We may fail to secure additional sourcing purchase orders from existing customers, or may fail to obtain sourcing purchase orders from new customers.

We derived significant revenue from sourcing of EFT-POS terminals and peripheral devices during the Track Record Period, which accounted for approximately 39.8%, 44.8% and 45.7% of our revenue for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively. For further details, please refer to the sub-section headed “Business – Customers” in this prospectus.

Our ability to maintain our sourcing revenue stream depends on our capability to secure additional purchase orders from our existing customers. Whilst we update our customers with details of the new models from time to time, there can be no assurance that our existing customers will purchase these new models from us or at all. There is also a risk that our customers procure products directly from our suppliers.

We cannot assure you that our existing customers will continue to source EFT-POS terminals and peripheral devices from us. If we fail to secure additional sourcing purchase orders from existing customers for the reasons set out above or because of increased competition and a general downturn in macroeconomic conditions, and we are unable to obtain purchase orders from new customers on comparable terms or at all, our business, results of operations and financial condition could be adversely affected.

We may be exposed to payment delays and/or defaults by our customers, which would adversely affect our cash flow or financial results.

We generally offer our customers payment term of 30 days from the date of invoice. However, there can be no assurance that our customers will pay on time or at all. As at 31 March 2015 and 2016 and 31 July 2016, the trade receivables past due beyond our credit terms was approximately HK\$4.6 million, HK\$4.6 million and HK\$6.0 million, representing approximately 17.8%, 17.7% and 32.1% of our total assets respectively. In the event that we are not able to recover trade receivables in a timely manner or at all, our business, prospects, financial condition and results of operations would be materially and adversely affected.

We have limited control over our suppliers or the price and the quality of the products supplied to us. If their performance does not meet our expectations, we could be exposed to liabilities and our business operations and reputation could suffer.

We have limited control over the operations, the price and product quality of our suppliers, rely on our suppliers for its products as we do not engage in the manufacturing of products. We are subject to price fluctuations as we cannot control the pricing of the products procured from our suppliers and have limited bargaining power. Further, the suppliers may not be able to provide us with quality products in a timely manner and sufficient quantities at a commercially acceptable terms and price. Whilst our suppliers offer 12 months manufacturer warranty on their products, we will typically offer our customers a back-to-back hardware warranty. We also have offered an extended hardware warranty of two additional years on top of the manufacturer warranty to one of our five largest customers during the Track Record

RISK FACTORS

Period. If the products supplied to us are defective or fail to meet our customers' expectations, we may need to devote additional resources to resolve the quality issues or may need to find suitable replacement products, components or solutions, which may lower our profit margins and result in adverse impact to business operations and business relationships with our customers. There can be no assurance that we will be able to find alternative suppliers operating at a standard acceptable to it. In addition, product defects may expose us to liability claims from our customers or the merchants which may damage reputation. Our suppliers are also subject to extensive laws and regulations. If our suppliers violate applicable laws and regulations, our reputation or procurement may be materially and adversely affected.

If our suppliers refuse to supply us certain products or enter into exclusive contracts with our competitors, we may no longer be able to offer certain products or the cost of procurement may increase and our finances and business operations may be materially and adversely affected.

We do not engage in the manufacturing of products, and rely on certain suppliers for our products. During the Track Record Period, we made certain purchases of EFT-POS terminals and peripheral devices from suppliers under purchase orders. Accordingly, we do not have contractual commitments from certain suppliers to protect us from the adverse financial effects of a refusal or a restriction to supply us their products due to circumstances beyond our control. For further details on our relationship with our suppliers, please refer to the sub-section headed "Business – Procurement, suppliers and inventory" in this prospectus.

If our key executives and personnel leave us and we fail to recruit appropriate replacements in a timely manner, our business and operation may be adversely affected.

Our success is, to a significant extent, attributable to the experience of our executive Directors and members of our senior management, particularly Mr. Lo, Mr. Lo Chun Wa and Mr. Lee Ka Ming Kelvin. Mr. Lo is our Chairman, CEO and executive Director and is responsible for supervising overall management and strategy planning as well as our daily operation and management. Mr. Lo Chun Wa is an executive Director and our customer service manager overseeing our operation and customer service administration. Mr. Lee Ka Ming Kelvin is our chief operation officer and is responsible for daily management and supervision of customer and technical service provision of our Group. Should any of our key executives cease to serve us and we fail to recruit appropriate replacement in a timely manner, our business and operation may be adversely affected.

Our future success also depends on its 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. In the event that our competitors offer more attractive compensation packages, we may not be able to retain such employees to sustain its business growth, or its employee expenses in relation thereto may increase substantially, both of which could have a material adverse effect on our business and financial result.

RISK FACTORS

We may experience delay in delivery to customers and costs overrun. If we are unable to deliver software solutions on time, our results of operation may be adversely affected.

The procedures and timetable for delivery of our services and software solutions to our customers are outlined in the sub-section headed “Business – Products and services” in this prospectus. Our delivery schedule may be hindered by other factors beyond its control such as late delivery by our suppliers and independent programmers. Further, we may fail to fully comprehend the complexity of the customer’s requirement when agreeing on the expected delivery time for software solutions with our customers. Accordingly, there is no guarantee that we will be able to deliver software solutions within the agreed timeframe or at all. If we fail to deliver, in accordance with such agreements, our reputation within the industry may suffer. The delay could also result in overrun of staff costs because of the prolonged completion time of projects; hence adversely affect our profitability.

In addition, any delay in delivery of our services and solutions to customers may subject us to claims and compensation for breach of contract. We may need to devote a significant amount of time and resources to defend such potential claims and ultimately be required to provide compensation. Our business and financial condition could therefore be materially and adversely affected.

While our EFT-POS System Support Service and software solution services are subject to stringent quality control procedures, it is possible that they may have defects that may be difficult or even impossible to detect. It is also possible that defects are of such complexity that we may require significant amount of time to diagnose or conduct repairs. Such defects could result in the loss of sales, delays in our collection of receivables, increased costs and/or claims against us.

Our EFT-POS System Support Service and software solution services are of high technological complexity and may be susceptible to hardware and software errors or failures that may be undetected or may be difficult, time-consuming and expensive to correct. We have a technical support team and an information technology team who possess extensive industry experience, however, it is possible that such hardware and software defects are of such complexity that we may require significant amount of time to diagnose or fix. We also have a quality assurance system in place to test the products, however, defects may continue to be identified after hardware and software solutions are delivered to our customers. Any product recalls as a result of defects or failures could adversely affect our business and reputation, result in additional expenses, diversion of resources and loss of credibility with customers and increase our overall costs. As a result, our business, prospects, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

We may experience software defects, computer viruses and breakdowns in our information technology systems that could damage customer relations and result in the loss of sales, delays in our collection of receivables, increased costs and claims against us.

We are heavily dependent on the stable operation of its information technology systems including software, processing systems, data centres and telecommunications networks, as well as systems provided by third parties. A system outage or data loss could have a material adverse effect on our business, financial condition and results of operations. Any system outage or data loss or other disruption, including from events that may be beyond its control would cause damage to our reputation and expose us to liability to third parties. To successfully operate the business, we must be able to protect its processing and other systems from events that could cause system interruptions including, but not limited to, failure in upgrading its information technology systems, fire, natural disaster, unauthorised entry, power loss, telecommunications failure, software defects, computer viruses, terrorist acts and war. Furthermore, our insurance policies may not be adequate to compensate all losses or failures that may occur.

In addition, we may also rely on programmes supplied to us by third parties that may also contain undetected errors, computer viruses or defects that could have a material adverse effect on our business, financial condition and results of operations.

We are subject to industry and technology changes, such as the recent growth in mobile payments due to the introduction of mobile payment technologies, and are dependent on market acceptance of new products. If we are unable to adequately respond to these changes, continually enhance our existing services in a timely manner, our results of operation may be adversely affected.

The market in which we operate is characterised by rapid technological change, frequent and numerous product introductions and enhancements, continually evolving industry security standards and rapidly changing customers' and end-users' requirements. Our success depends to a large extent upon our continued ability to offer EFT-POS System Support Service and software solution services within this environment and to meet changing market requirements, including conformity with applicable standards.

According to Frost & Sullivan, with the recent introduction of mobile payment methods such as Apple Pay, Android Pay, Alipay and WeChat offline payment in Hong Kong, it is anticipated that there would be a rapid development of mobile payment market and growth of mobile payment transactions in Hong Kong. EFT-POS terminal manufacturers are actively developing and upgrading their EFT-POS terminals to keep abreast of the fast-paced mobile payment technology with upgraded versions of EFT-POS terminals incorporating cutting-edge mobile payment methods. As a result, we may be required to adapt to the changes and enhance our technical know-hows in a timely manner to maintain our competitiveness in the electronic payment industry.

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Continually enhancing our services and capabilities is an uncertain process requiring accurate anticipation of technological and market trends. These efforts also require significant increased costs, and we may not necessarily be able to increase or maintain prices to account for these costs. Our competitors may be able to adapt to new or emerging technologies and changes to meet customer requirements more quickly, adopt more aggressive pricing policies, and devote greater resources to the marketing of their services and products. There can be no assurance that we will be able to successfully identify, develop and adapt or respond to technological changes, new industry standards, and announcements of new products and technologies by competitors. The intense competition may reduce our profitability and may result in a loss of market share, which may have a material adverse effect on its business, prospects, financial condition and results of operations.

Material breaches in security of our information technology systems may subject us to loss of data, damage customer relations and result in the loss of sales, delays in our collection of receivables, increased costs and claims against us.

The uninterrupted and secure operation of our information technology systems, the safekeeping of confidential customer and consumer information that is stored on such systems and the secure handling of consumer information that is processed on such systems are critical to the successful operations of our business. We collect and maintain databases of sensitive information about merchants, such as names, addresses or contact details. We have observed a global increase in information technology security threats and more sophisticated and targeted computer crime, which pose a risk to the security of systems and networks and the confidentiality, availability and integrity of our data. We have security, backup and recovery systems in place, as well as a business continuity plan to ensure the systems will not be inoperable. We consider that we have sufficient security around the systems and adequate encryption of our databases to prevent unauthorised access to our systems and unauthorised use of our databases. However, our visibility in the electronic payment industry may attract hackers to attack our systems that could compromise the security of our data. An information breach in our systems and loss of confidential information could have a long and significant impact on our business operations. The loss of confidential information could result in our customers losing confidence in us and thus the loss of business from such customers. The loss of confidential information could also subject us to liability including the imposition of fines by government bodies or litigation of our customers or, in case of material breach, the prohibition from provision of system support services for EFT-POS terminal manufacturers or acquirers. Any of the above events could have an adverse impact on our business, financial condition and results of operations.

Risk associated with the computer hardware system and data storage.

We have maintained a 24-hour standby information technology support for our computer hardware and data storage. Our data centre and the computer server are currently located at our premises with restricted access to authorised persons such as senior management and/or the information technology supporting staff. However, there is no assurance that we have sufficient ability to protect the computer hardware and data storage from all possible damage including

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but not limited to acts of nature, telecommunication breakdown, electricity failure or similar unexpected events. We do not take out any insurance policy to protect it from all the associated risks. As such, any damage to these computer hardware and data will cause business interruption and adversely impact our business, financial condition and results of operations.

Delays, losses or the inability to deliver by independent call centre service provider, independent on-site technicians and independent programmers may affect our services and damage our reputation.

We rely on a number of independent call centre service provider, independent on-site technicians and independent programmers for the provision of Tier 1 hotline services, on-site services and software solution services, respectively. The services provided by these service providers could be interrupted by unforeseen events beyond our control, including poor prioritisation, work bottlenecks, unsatisfactory service quality, adverse weather conditions, natural disasters, social unrest and labour strikes. For further details on the outsourcing of certain functions, please refer to the sub-section headed “Business – Procurement, suppliers and inventory – Independent service providers” in this prospectus. Occurrence of any of such events may result in loss of turnover and damage to our reputation and hence may materially and adversely affect our reputation, business, financial condition and results of operations.

Delays, losses or damages in delivery by independent logistics providers may affect our sales and damage our reputation.

We rely on a number of independent logistics providers for the transportation and delivery of our products mainly from our suppliers and to our customers. The services provided by these logistics providers could be interrupted by unforeseen events beyond our control, including poor handling by logistics providers, transportation bottlenecks, adverse weather conditions, natural disasters, social unrest and labour strikes. Occurrence of any of such events may result in loss of turnover and damage to our reputation and hence may materially and adversely affect our reputation, business, financial condition and results of operations.

If our customers refuse to procure from us certain products, services or solutions or enter into exclusive contracts with our competitors, our finances and business operations may be materially and adversely affected.

During the Track Record Period, we entered into service arrangements on a case-by-case basis with certain customers in respect of sourcing and software solution services and agree among others, scope of works and pricing terms. Accordingly, we may not always have contractual commitments from these customers to protect us from the adverse financial effects of a refusal to procure products or solutions from us due to circumstances out of our control including the event they enter exclusive agreements with our competitors. For further details on our relationship with our customers, please refer to the sub-section headed “Business – Customers” in this prospectus. There is no assurance that our customers will continue to procure products or solutions from us at the same levels, or at all. If they fail to do so, there may be a material adverse effect on our business, prospects, financial condition and results of operation.

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Any unauthorised use of our intellectual property by third parties may cause damage to our business and impair our ability to compete effectively.

We rely on trademark registrations, as well as confidentiality and other contractual arrangements to establish and protect its intellectual property rights and the proprietary aspects of software solutions.

Some of our intellectual property (such as program source code) was the result of the efforts of the information technology workforce. As such, our information technology employees may gain access to certain of our confidential information and trade secrets. Although our employment agreements with our information technology workforce provide that all intellectual property invented or produced by the information technology workforce employees during the course of their employment shall belong to us and the our information technology workforce employees should keep confidential all our information and trade secrets of which they have knowledge or access to, there is no assurance that such measure will effectively prevent any misappropriation of our intellectual property by such employees.

The institution of legal proceedings in any jurisdiction to enforce our intellectual property rights could be costly and could divert our management's efforts and attention. In addition, there can be no assurance that such proceedings would be determined in our favour.

Although we did not incur any losses or claims from any misappropriation or infringement of intellectual property rights during the Track Record Period, if we are unable to prevent misappropriation or infringement of our intellectual property and proprietary technology or to prevent leakage of its trade secrets, competitors may be able to use and adapt our technology and compete more effectively against us. In these circumstances, our competitive advantage could be diminished and we may lose customers to competitors and our business, prospects, financial condition and results of operations may be materially and adversely affected.

Implementing future plan will have a significant impact on our future results.

We have set out our future plans in the section headed "Statement of business objectives and use of proceeds" in this prospectus. Whether our future plans can be implemented successfully may be beyond our control and future events may affect the implementation of our expansion plans, such as general market trends and conditions.

In addition, the implementation of our future plans involve the hiring of significantly more staff, which will increase our staff costs and may necessitate additional expenses on rental and office supplies etc. If we are unable to increase our revenue from future plans, our financial performance for the year ending 31 March 2017 and subsequent years will be materially and adversely affected.

We may not be able to implement future plans successfully.

Our future business plans are based on our Directors' existing intentions. These business plans and intentions are based on assumptions as to the occurrence of certain future events, which may or may not materialise, and the real situation might differ materially. Furthermore,

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our future business plans may be hindered by other factors beyond its control, such as competition within the electronic payment industry and from other EFT-POS solution providers. Therefore, there is no assurance that any of our future business plans will materialise, or result in the conclusion or execution of any agreement within the planned time frame, or that our objectives will be fully or partially accomplished. For details of our future plans, please refer to the sub-section headed “Business – Our strategies” in this prospectus.

Our business development may be hindered if we are unable to obtain additional funding to expand our business.

We may need to raise funds in addition to its currently available cash resources and the net proceeds from the issue of New Shares under the Share Offer, through public or private financing, strategic relationships or other arrangements, in order to support more rapid expansion of our business. We cannot assure investors that additional funds will be available when needed on terms favourable to us, if at all. If adequate funds are unavailable to us on acceptable terms, we may be unable to develop or enhance its products and services, take advantage of future opportunities or respond to competitive pressures or unanticipated events, any of which could have a material adverse effect on our business development.

We have limited insurance coverage and it may be inadequate to cover all risks of loss associated with our business operations, in particular the significant levels of inventories stored at our warehouse, which belong to our customers.

We maintain only limited insurance for our business operations. There is no guarantee that such insurance policies will provide adequate coverage should we face extraordinary occurrences that result in loss or damage.

In particular, we maintain a significant amount of our customers’ available stock of EFT-POS terminals and peripheral devices stored at our warehouse and repair centre premises as part of our EFT-POS System Support Service, which we consider this necessary to facilitate our Group to provide EFT-POS System Support Service to our customers. Whilst our customers have title in the EFT-POS terminals and peripheral devices, it is not clear in our arrangements who bears the risk in such devices. As at 31 March 2015 and 2016 and the four months ended 31 July 2016, the value of our customers’ total available stock stored at our warehouse and repair centre premises was approximately HK\$16.4 million, HK\$13.1 million and HK\$16.6 million, respectively. Whilst we maintain certain insurance coverage, there is no assurance that the insurance policies we maintain will be valid or adequately cover all loss or damage we incur to our customer’s available stock in future. For details, please refer to the sub-section headed “Business – Insurance” in this prospectus. In the event we suffer any loss and damage to customer’s available stock in our care in future, our reputation, future profitability, growth and results of operations will be materially and adversely affected.

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RISKS RELATING TO INDUSTRY

Our financial results may be affected by macroeconomic environment and changes in spending patterns and the manner in which consumers shop and pay for goods, particularly in light of recent contraction of retail market in Hong Kong and growth in online transactions through the internet.

Changing spending patterns and new technologies may render EFT-POS terminals and our industry obsolete and/or unattractive to existing and new merchants. Further, changes in the macroeconomic environment and movements in market variables such as gross domestic product, interest rates, and other market changes may adversely affect demand from our customers. In the event of the same, our future profitability, growth and results of operations will be materially and adversely affected.

According to Frost & Sullivan, retail performance in Hong Kong had been fluctuating in the first nine months of 2016. Retail sales value in Hong Kong recorded a decrease of 0.3%, 15.1% and 6.3%, respectively, in the first three months of 2016 when compared to that of the preceding month. However, retail sales value in Hong Kong started to pick up in April and May 2016, which recorded an increase of 1.5% and 1.7%, respectively, when compared to that of the preceding month. Although retail sales value in Hong Kong recorded a decrease of 5.8% for June 2016 when compared to that of the preceding month it recorded an increase of 2.9% for July 2016 when compared to that of the preceding month. Retail sales value in Hong Kong recorded a decrease of 2.1% and 0.5% for August and September 2016 when compared to that of the preceding month. Further, there has been growth in online transactions through the internet in recent years, with the growth of online shopping portals such as Amazon and Taobao highlighting the shift in consumer spending patterns and the manner in which consumers shop and pay for goods. Negative growth in retail sales value was mainly attributable to the decline of number of tourists from mainland China and slow down of global economy. According to Frost & Sullivan, the outlook of retail sales performance in Hong Kong in the second half of 2016 remains relatively bleak due to stagnant growth of the PRC economy and unstable political situation in the European Union. It is anticipated that poor retail performance in Hong Kong may lead to shutting down of retail stores in Hong Kong.

Should there be a decrease in the number of retail stores in Hong Kong as a result of the contraction of retail market in Hong Kong which in turn lead to a decrease in number of EFT-POS terminals, it may adversely affect the demand for our EFT-POS terminal and peripheral device sourcing, EFT-POS System Support Service and software solution services, and thereby have an adverse impact on our business, financial condition and result of operation.

If we fail to compete with its competitors, its potential for expansion and profitability would be adversely affected.

The Hong Kong EFT-POS solution provider market is very concentrated and dominated by a few players. As advised by our Directors, our main competitors are EFT-POS solution providers that target the same categories of customers. These EFT-POS solution providers' strength lies in their experience and familiarity with the Hong Kong market, which may rival or surpass that of our Group.

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We may also face competition from EFT-POS terminal manufacturers as they may directly market their products to the acquirers, or expand their service scope to provide EFT-POS System Support Service. EFT-POS terminal manufacturers competitors will hold certain advantages over us, including but not limited to reputation and goodwill within the electronic payment industry, as well as advantages in pricing and supply. In addition, EFT-POS terminal manufacturers are likely to have an advantage in terms of a larger labour force and economies of scale resulting in more competitive pricing. Should we fail to capture business from existing and new customers, it may adversely affect the expansion and profitability of our business.

RISKS RELATING TO CONDUCTING BUSINESS IN HONG KONG

Hong Kong is our principal market and our business is susceptible to any material deterioration in the economic and regulatory environment in Hong Kong.

Our business is currently located in Hong Kong and the majority of our customers were based in Hong Kong during the Track Record Period. We expect that Hong Kong will continue to be our principal market and place of operation. Accordingly, if Hong Kong experiences any material adverse economic or regulatory conditions due to events beyond our control, such as local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, or if the government adopts regulations that place restrictions or burdens on us or on our industry in general, our business, results of operations and prospects would be materially and adversely affected.

Political consideration of Hong Kong.

As Hong Kong is a special administrative region of the PRC, the PRC may, by its political and economic policies, exert influence on the foregoing aspects of Hong Kong. The PRC economy features a high degree of government involvement. In recent years, the PRC government has implemented various measures to guide the allocation of resources so as to narrow the gaps between economic developments in different regions in the country. We cannot foresee or give any assurance that the PRC government will not in the near future adopt policies that will adversely affect the political, legal and economic conditions of Hong Kong which may in turn materially affect our business.

Risks relating to change of currency exchange policies.

Since 1983, the Hong Kong dollar has been pegged to the US dollar at the rate of approximately HK\$7.80 to US\$1.00. Although the Hong Kong government has repeatedly re-affirmed its commitment to this pegging system, there is no assurance that this policy will not be changed in the near or distant future. If the pegging system collapses and the Hong Kong dollar suffers devaluation, the Hong Kong dollar costs of our foreign currency capital expenditures may increase. Furthermore, as our revenues are denominated in Hong Kong dollars, a devaluation of the Hong Kong dollars would increase capital costs and the related depreciation costs to us, and increase our Hong Kong dollars interest expense on indebtedness denominated in US dollars and other foreign currencies. This would in turn adversely affect the operation and profitability of our business.

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Acts of God, acts of war and terrorism, natural disasters, riots, epidemics and other disasters could affect our business.

Acts of God, acts of war and terrorism, natural disasters, riots, epidemics and other disasters, which are beyond our control, may adversely affect the economy, infrastructure and livelihood of the people of Hong Kong or such other jurisdictions. Our business, financial condition and results of operations may be adversely affected if these events occur.

For example, epidemics threaten people's lives and may adversely affect their livelihood as well as their living and consumption patterns. The occurrence of an epidemic is beyond our control, and there is no assurance that the outbreak of severe acute respiratory syndrome, the H5N1 strain of avian influenza, the H1N1 strain of swine flu or any other epidemics or pandemics will not happen. Any epidemic or pandemic occurring in Hong Kong, or even in areas out of Hong Kong, may adversely affect our business, financial condition and results of operations. Acts of war and terrorism may cause damage or disruption to us or our employees, facilities, markets, suppliers or customers, any of which may adversely impact our revenue, cost of sales, financial condition and results of operation or the trading price of our Share. Potential war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict.

RISKS RELATING TO SHARE OFFER

Our Controlling Shareholders have substantial influence over our Group and their interests may not be aligned with the interests of our Company and other Shareholders.

Upon completion of the Share Offer and the Capitalisation Issue, our Controlling Shareholders will continue to have the ability to exercise a controlling influence on our management, policies and business by controlling the composition of the Board, determining the timing and amount of our dividend payments, approving significant corporate transactions, including mergers and acquisitions, approving our annual budgets and taking other actions that may require our Shareholders' approval.

In particular, as at the Latest Practicable Date, Mr. Lo, our Controlling Shareholder, owned as to 100% of interests in the Other Companies (as defined in the section headed "Relationship with the Controlling Shareholders" in this prospectus). The Other Companies are principally engaged in promoting and marketing the acceptance of Alipay and WeChat offline payment as means of electronic payment by retail merchants in Hong Kong and the PRC, the business and revenue models and the major customers and suppliers of which are distinctively different from that of our Group. For further details in relation to the Other Companies, please refer to the sub-section headed "Relationship with the Controlling Shareholders – Other businesses operated by our Controlling Shareholders" in this prospectus.

On 17 June 2016, our Company entered into the Master Supply and Services Agreement (as defined in the section headed "Connected transactions" in this prospectus) with EFT Payments in relation to the sale of EFT-POS terminals and peripheral devices and provision of EFT-POS System Support Service to EFT Payments, which will constitute a continuing

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connected transaction of our Company upon Listing. The historical purchase amount and system support fees paid by the Other Companies to our Group for each of the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2016 amounted to approximately HK\$2.9 million, HK\$1.4 million and HK\$1.6 million, respectively, which amounted to approximately 8.2%, 3.0% and 9.4% of our Group's revenue for each of the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively. For further details in relation to the Master Supply and Services Agreement, please refer to the sub-section headed "Connected transactions – Non-exempt continuing connected transactions – Master Supply and Service Agreement" in this prospectus.

In addition, the interests of our Controlling Shareholders may not necessarily be aligned with that of our Company and other Shareholders. Further, as referred to the above, Mr. Lo owned all the interest in the Other Companies which have a different market position in the electronic payment industry.

Although we have implemented internal control measures, there can be no assurance that if a conflict of interest arises, our Controlling Shareholders will act in the best interests of our Company or that any conflict of interest will be resolved in our favour. At times, the interests of our Controlling Shareholders may not be consistent with the interests of our other Shareholders. There can be no assurance that our Controlling Shareholders will always take actions that will benefit our other Shareholders.

There has been no prior market for our Shares and an active trading market for our Shares may not develop.

Prior to the Share Offer, there has been no public market for our Shares. The Offer Price of the Shares will be determined through negotiations between us (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters), and it may not necessarily be indicative of the market price of the Shares after the Share Offer is complete. While we have applied to list and deal in the Shares on the Stock Exchange, we cannot assure you that an active trading market will develop or if developed will be sustained after the Share Offer.

In addition, as there will be a time gap between the pricing and trading of the Shares offered in the Share Offer, the initial trading price of our Shares could be lower than the Offer Price due to a variety of reasons including material negative events affecting us. An investor who purchases Shares in the Share Offer may not be able to resell such Shares at or above the Offer Price and, as a result, may lose all or part of the investment in such Shares.

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The liquidity, trading volume and trading price of our Shares may be volatile, which could result in substantial losses for Shareholders.

The liquidity, the price and trading volume of our Shares may be volatile, which may be subject to a number of factors, including but not limited to:

- actual or anticipated fluctuations in our results of operations;
- loss of important business relationship(s);
- failure of our Group's management team in implementing stated business and growth strategies;
- changes in earnings estimates or recommendations by securities analysts;
- restrictive regulations or limitations imposed on our industry by relevant authorities;
- actual or potential litigation or regulatory investigations announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in our industry;
- recruitment or loss of key personnel by us or our competitors; and
- general economic and market conditions or other developments affecting us and our industry.

In addition, stock markets and the shares of other companies listed on the Stock Exchange have from time to time experienced significant price and volume fluctuations that are disproportionate or not related to the operating performance of such companies. These broad market fluctuations may also materially and adversely affect the market price of our Shares.

Our Shareholders' interest may be diluted as a result of additional equity fund-raising.

We may finance the future expansion of our capacity and business by raising additional funds through the issuance of new equity or equity-linked securities in our Company other than on a pro rata basis to existing Shareholders, and as such the percentage ownership of such Shareholders in us may be reduced. Further such new securities may confer rights and privileges that take priority over those conferred by the Shares.

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There can be no assurance that we will declare or distribute any dividend in the future.

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, we declared dividends of HK\$ nil, HK\$15.1 million and HK\$ nil, respectively. However, our historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by us in the future. The decision to pay dividends will be considered in light of the factors such as the results of operations, financial conditions and other factors deemed relevant. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend. Our future declarations of dividends will be at the absolute discretion of our Board.

Future sale of the Shares or major divestment of the Shares by our Controlling Shareholders could adversely affect the Share price.

The sale of a significant number of Shares by our Controlling Shareholder in the public market after the Listing, or the perception that such sale may occur, could adversely affect the market price of the Shares. Except as otherwise described in the section headed “Underwriting” in this prospectus and the restrictions set out by the GEM Listing Rules, there is no restriction imposed on our Controlling Shareholders to dispose of their shareholdings. Any major disposal of Shares by any of our Controlling Shareholders may cause the market price of the Shares to fall. In addition, these disposals may make it more difficult for us to issue new Shares in the future at a time and price that our Directors deem appropriate, thereby limiting our ability to raise capital.

RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS

We cannot guarantee the accuracy of certain facts and statistics that may not have been independently verified.

This prospectus includes certain statistics and facts that have been extracted from government official sources and publications or other sources. Our Company believes that the sources of these statistics and facts are appropriate for such statistics and facts and has taken reasonable care in extracting and reproducing such statistics and facts. Our Company has no reason to believe that such statistics and facts are false or misleading or that any fact has been omitted that would render such statistics and facts false or misleading. These statistics and facts have not yet been independently verified by our Company, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors or any other party involved in the Share Offer and therefore, our Company and the Selling Shareholder make no representation as to the accuracy or completeness of these statistics and facts, as such these statistics and facts should not be unduly relied upon.

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Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the entire prospectus carefully and we strongly caution investors not to place any reliance on any information contained in press articles or other media regarding us and the Share Offer, certain of which may not be consistent with information contained herein.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Share Offer. Prior to the publication of this prospectus, there had been press and media coverage regarding us and the Share Offer. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of such information about us and the Share Offer. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them and you should not rely on such information. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH GEM LISTING RULES

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the GEM Listing Rules.

CONNECTED TRANSACTIONS

Members of our Group have entered into certain transactions which would constitute non-exempt continuing connected transactions for our Company under the GEM Listing Rules after the Listing.

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from the strict compliance with the announcement and (where applicable) circular and independent shareholders' approval requirements in respect of such non-exempt continuing connected transactions under Chapter 20 of the GEM Listing Rules and the details of which are set out in the section headed "Connected transactions" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually take full responsibility, includes particulars given in compliance with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purposes of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- (a) the information contained in this prospectus is accurate and complete in all material respects and is neither misleading nor deceptive;
- (b) there are no other matters the omission of which would render any statement herein or this prospectus as a whole misleading; and
- (c) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are considered fair and reasonable.

SELLING SHAREHOLDER

The Share Offer consists of 120,000,000 Shares, of which 24,000,000 Shares are being sold by LCK Group, the Selling Shareholder. Assuming an Offer Price of approximately HK\$0.50 per Offer Share, which represents the mid-point of the indicative Offer Price range, we estimate that the net proceeds to the Selling Shareholder from the sale of the Sale Shares (after deduction of the proportional underwriting commission and Listing expenses payable by our Selling Shareholder in relation to the Share Offer) will be approximately HK\$10.5 million. Our Company will not receive any of the proceeds from the sale of the Sale Shares.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure of the Share Offer" in this prospectus, and the procedures for applying for Public Offer Shares are set out in the section headed "How to apply for the Public Offer Shares" in this prospectus and in the relevant Application Forms.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

UNDERWRITING

This prospectus is published solely in connection with the Share Offer. The Share Offer comprises the Placing and the Public Offer. The Listing is sponsored by the Sole Sponsor and the Share Offer is lead managed by the Sole Lead Manager. Subject to the terms of the Underwriting Agreements (including the determination of the final Offer Price by agreement between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) on or around Friday, 9 December 2016 being the expected Price Determination Date or such later time as may be agreed by our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters), and in any event no later than Tuesday, 13 December 2016, the Public Offer Shares are fully underwritten by the Underwriter and the Placing Shares are fully underwritten by the Underwriter. For further information about the Underwriter and the underwriting arrangements, please refer to the section headed “Underwriting” in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be fixed by agreement between the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 9 December 2016 (or such later date as the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) may agree) and in any event no later than Tuesday, 13 December 2016. If, for whatever reason, our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) are not able to agree on the Offer Price, the Share Offer will not proceed and will lapse.

The Sole Lead Manager (acting for itself and on behalf of the Underwriters) may, with the consent of our Company (for ourselves and on behalf of the Selling Shareholder), reduce the number of the Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the number of the Offer Shares and/or the indicative Offer Price range will be published on the website of our Company at www.eftsolutions.com and the website of the Stock Exchange at www.hkexnews.hk, not later than the morning of the last day for lodging applications under the Public Offer.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Offer Shares will be required to confirm or be deemed to confirm by his or her acquisition of the Offer Shares that he or she is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus and that he/she is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

No action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Offer Shares or the distribution of this prospectus. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the Share Offer in any jurisdiction or, in any circumstance in which such an offer or invitation is not authorised, and is not an offer or invitation to any person to whom it is unlawful to make an unauthorised offer or invitation.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, and any of their respective directors, officers, employees, affiliates and/or representatives or any other persons involved in the Share Offer. It is expected that, pursuant to the Share Offer, the Underwriters will (for ourselves and on behalf of the Selling Shareholder) conditionally offer the Offer Shares with the investors.

Prospective applicants for Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON GEM

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and which are to be issued or may be issued pursuant to the Share Offer, the Capitalisation Issue and upon exercise of any option which may be granted under the Share Option Scheme).

No part of the share or loan capital of our Company is listed, traded or dealt in on any stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought.

A total of 120,000,000 Shares representing 25% of the enlarged issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme) will be made available under the Share Offer.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the issued share capital of our Company in the hands of the public.

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of the subscription for, purchase, holding or disposing of, dealings in, or exercise of any rights in relation to the Offer Shares. It is emphasised that none of our Company, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, and our or their respective affiliates, directors, officers, employees, agents or representatives or any other person or party involved in the Share Offer accepts responsibility for your tax effects or liabilities resulting from your subscription for, purchase, holding or disposing of, dealings in, or exercise of any rights in relation to the Offer Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained in the Cayman Islands by our Company's principal share registrar, Eстера Trust (Cayman) Limited, and our Company's Hong Kong register of members will be maintained in Hong Kong by our Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited of 31/F, 148 Electric Road, North Point, Hong Kong.

All Offer Shares issued by our Company pursuant to the Share Offer will be registered on our branch register of members to be maintained in Hong Kong. Only Shares registered on our branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees.

Dealings in the Shares registered on our branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and our Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional adviser.

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Thursday, 15 December 2016. Shares will be traded in board lot of 5,000 Shares each and are freely transferable. The stock code for our Shares is 8062.

No temporary documents or evidence of title will be issued.

CURRENCY TRANSLATIONS

In this prospectus, unless otherwise specified, amounts denominated in Renminbi have been translated, for the purpose of illustration only, into Hong Kong dollars and U.S. Dollars and vice versa at an exchange rate of HK\$1.00 = RMB0.80 and US\$1.00 = HK\$7.75. Such conversions shall not be construed as representations that amounts in Renminbi, Hong Kong dollars or U.S. Dollars were or could have been or could be converted into Renminbi, Hong Kong Dollars or U.S. Dollars (as the case may be) at such rates or any other exchange rates on such date or any other date.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of PRC natural persons, legal persons, governmental authorities and departments, institutions, facilities, certificates, titles and the like or any descriptions for which no official English translation exists are unofficial translations from their corresponding names in Chinese or another language and are included for identification purposes only. In the event of inconsistencies, the name(s) in Chinese or such another language shall prevail. The English translation of such terms in Chinese or another language are for identification purposes only.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Lo Chun Kit Andrew (勞俊傑)	Flat 3, 4/F, Block A, Garden Vista 11-13 On King Street Shatin, New Territories Hong Kong	Chinese
Mr. Lo Chun Wa (勞俊華)	Flat A, 39/F, Block 2 Phase 2, Belvedere Garden Tsuen Wan, New Territories Hong Kong	Chinese
<i>Non-executive Director</i>		
Ms. Lam Ching Man (林靜文)	Flat 3, 4/F, Block A, Garden Vista 11-13 On King Street Shatin, New Territories Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Lam Keung (林強)	Room 8, 39/F, Kam Hing House Kam Tai Court, Ma On Shan New Territories Hong Kong	Chinese
Mr. Lui Hin Weng Samuel (呂顯榮)	23C, Tower 5, Bel-Air Phase 6 8 Bel-Air Peak Avenue Hong Kong	Singaporean
Mr. Pang Victor Ho Man (彭灝文)	801, Block 6, Hesheng Guoji Shuangjing, Beijing PRC	Chinese

For the biographies of our Directors, please refer to the section headed “Directors and senior management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED

Sole Sponsor

Lego Corporate Finance Limited

(a licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activities)

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

Sole Bookrunner and Sole Lead Manager

Quam Securities Company Limited

(a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO)

18/F-19/F, China Building
29 Queen's Road Central
Central
Hong Kong

Co-Managers to the Share Offer

Brilliant Norton Securities Company Limited

Suite 804, 8th Floor, Jubilee Centre
46 Gloucester Road
Wan Chai
Hong Kong

Frontpage Capital Limited

26/F, Siu On Centre
188 Lockhart Road
Wanchai
Hong Kong

Sun International Securities Limited

Unit 2412-13, 24/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Legal advisers to our Company

As to Hong Kong law:

Li & Partners

22/F

World-Wide House

19 Des Voeux Road Central

Central

Hong Kong

As to Cayman Islands law:

Appleby

2206-09 Jardine House

1 Connaught Place

Central

Hong Kong

**Legal advisers to the Sole Sponsor and
the Underwriters**

As to Hong Kong law:

Sidley Austin

Level 39

Two International Finance Centre

8 Finance Street

Central

Hong Kong

Reporting accountants

Deloitte Touche Tohmatsu

Certified Public Accountants

35/F, One Pacific Place

88 Queensway

Hong Kong

Industry consultant

Frost & Sullivan Limited

Room 2608

Nine Queen's Road Central

Central

Hong Kong

Receiving Bank

**Industrial and Commercial Bank of China
(Asia) Limited**

33/F, ICBC Tower

3 Garden Road

Central

Hong Kong

CORPORATE INFORMATION

Registered office	Clifton House 75 Fort Street PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong	Workshops B1 & B3 11/F Yip Fung Industrial Building 28-36 Kwai Fung Crescent Kwai Chung, New Territories Hong Kong
Company's website	<u>www.eftsolutions.com</u> <i>(Note: contents in this website do not form part of this prospectus)</i>
Compliance officer	Mr. Lo Chun Wa (勞俊華)
Company secretary	Ms. Ng Wing Shan (吳詠珊) <i>(fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)</i> 18/F, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
Authorised representatives	Mr. Lo Chun Kit Andrew (勞俊傑) Flat 3, 4/F, Block A, Garden Vista 11-13 On King Street Shatin, New Territories Hong Kong Ms. Ng Wing Shan (吳詠珊) 18/F, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
Audit committee	Mr. Lui Hin Weng Samuel (呂顯榮) (<i>Chairman</i>) Mr. Lam Keung (林強) Mr. Pang Victor Ho Man (彭灝文)

CORPORATE INFORMATION

Remuneration committee	Mr. Pang Victor Ho Man (彭灝文) (<i>Chairman</i>) Mr. Lo Chun Kit Andrew (勞俊傑) Mr. Lam Keung (林強)
Nomination committee	Mr. Lo Chun Kit Andrew (勞俊傑) (<i>Chairman</i>) Mr. Lam Keung (林強) Mr. Pang Victor Ho Man (彭灝文)
Compliance adviser	Lego Corporate Finance Limited Room 1601 16/F, China Building 29 Queen's Road Central Central Hong Kong
Principal share registrar and transfer office	Estera Trust (Cayman) Limited Clifton House 75 Fort Street PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Boardroom Share Registrars (HK) Limited 31/F, 148 Electric Road North Point Hong Kong
Principal bank	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong

INDUSTRY OVERVIEW

We have extracted and derived the information and statistics in the section below, in part, from various official government publications or other sources. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Our Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have a material and adverse impact on the information in this section. The information has not been independently verified by us, the Selling Shareholder, our Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or any other party involved in the Share Offer and no representation is given as to their accuracy.

REPORT COMMISSIONED FROM FROST & SULLIVAN AND SOURCE OF INFORMATION

In connection with the Share Offer, we engaged Frost & Sullivan, an Independent Third Party, to conduct a study of the EFT-POS market in Hong Kong. Frost & Sullivan is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, customer research, competitive intelligence and corporate strategy.

In preparing the report described above, Frost & Sullivan conducted detailed primary research which involved interviews with industry experts and competitors. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports, official statistics sources and data based on its own research database. Frost & Sullivan obtained the figures for various market size estimates from historical data analysis plotted against macroeconomic data. Its forecasting methodology integrates appropriate models and indicators to arrive at an estimate. We have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the EFT-POS market in Hong Kong by prospective investors.

We have agreed to pay Frost & Sullivan a fee of HK\$470,000 for the preparation of the Frost & Sullivan Report. The payment of such amount is not contingent upon the success of the Listing or the findings of the Frost & Sullivan Report.

Our Directors confirm that, after reasonable investigation, there has been no material adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact in any material respect on the information in this section.

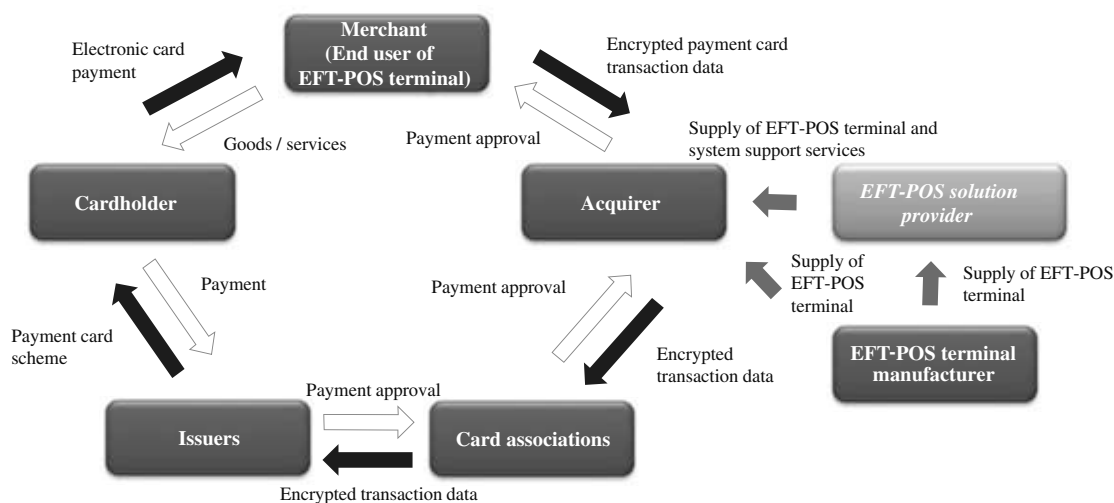
INDUSTRY OVERVIEW

OVERVIEW OF THE ELECTRONIC PAYMENT INDUSTRY IN HONG KONG

Introduction of electronic payments

The introduction of electronic card payments in Hong Kong has shortened the payment time for consumers, thus stimulating upselling by merchants in Hong Kong and impulse spending by consumers.

Electronic payments include card payment transactions completed at merchants in Hong Kong. Such electronic payment transactions are generally initiated by a cardholder at a merchant by presenting his payment card (either a credit card or debit card) at the merchant's EFT-POS terminal. The EFT-POS terminal immediately transmits the secured transaction data to the acquirer. The acquirer is usually a bank or payment processor who has provided the merchant with the EFT-POS terminal together with payment processing services. The transaction data from the payment card at the acquirer is then carried to the issuer through the card association. The issuer authenticates the electronic payment information and provides a response of either approval or denial in the form of an authorisation code to the EFT-POS terminal at the merchant through the card association and acquirer, and the electronic payment is completed. The following diagram sets forth a typical electronic payment transaction.



Source: Frost & Sullivan

Major acquirers in Hong Kong

According to Frost & Sullivan, in November 2016, in the market, there are approximately 20 acquirers who carry out the functions of acquirers to collect funds from the card associations on behalf of the merchants and are licensed under the Banking Ordinance and regulated by the Hong Kong Monetary Authority.

INDUSTRY OVERVIEW

Number of merchants in Hong Kong

The following table which is based on the most updated information available as at the Latest Practicable Date sets forth an estimate number of merchants in Hong Kong for the years 2009 to 2015:

	2009	2010	2011	2012	2013	2014	2015
Number of merchants	108,441	111,265	115,378	113,435	114,069	114,165	114,564

Source: HKSAR Census and Statistics Department, Frost & Sullivan

The following table which is based on the most updated information available as at the Latest Practicable Date sets forth an estimate of the number of merchants using EFT-POS terminals in Hong Kong for the years 2009 to 2015:

	2009	2010	2011	2012	2013	2014	2015
Total number of establishment using EFT-POS terminals	72,569	74,481	79,553	78,270	80,978	81,091	82,350

Source: HKSAR Census and Statistics Department, Frost & Sullivan

Credit cards in circulation and penetration rate in Hong Kong

The number and penetration rate of credit cards in circulation in Hong Kong is expected to surge in the years 2016 to 2020.

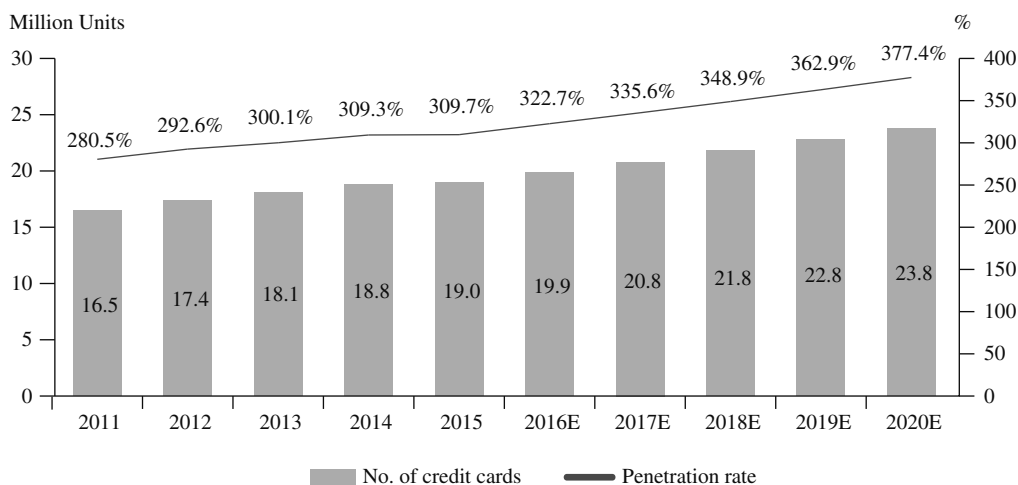
During 2011 to 2015, the total number of credit cards climbed from 16.5 million units to 19.0 million units, at a CAGR of 3.7%. It is expected that it will accelerate its CAGR to 4.6%, reaching 23.8 million units by the end of 2020, due to the increasing convenience of electronic money over traditional money and the discounts and rewards offered by issuers.

In 2011, each person in Hong Kong owned approximately 2.8 credit cards on average. The credit card penetration rate in Hong Kong grew to about 309.7% in 2015, representing approximately 3.1 credit cards owned per person and this number is expected to reach approximately 3.8 by 2020. The following chart sets forth Hong Kong's credit cards in circulation and penetration rate for the years 2011 to 2020.

INDUSTRY OVERVIEW

Number of Credit Cards in Circulation and Penetration Rate, Hong Kong, 2011-2020E

No. of credit cards	2011-2015	2016-2020E
CAGR	3.7%	4.6%



Note: Card user population (18 years old or above)

Source: Hong Kong Monetary Authority, Frost & Sullivan

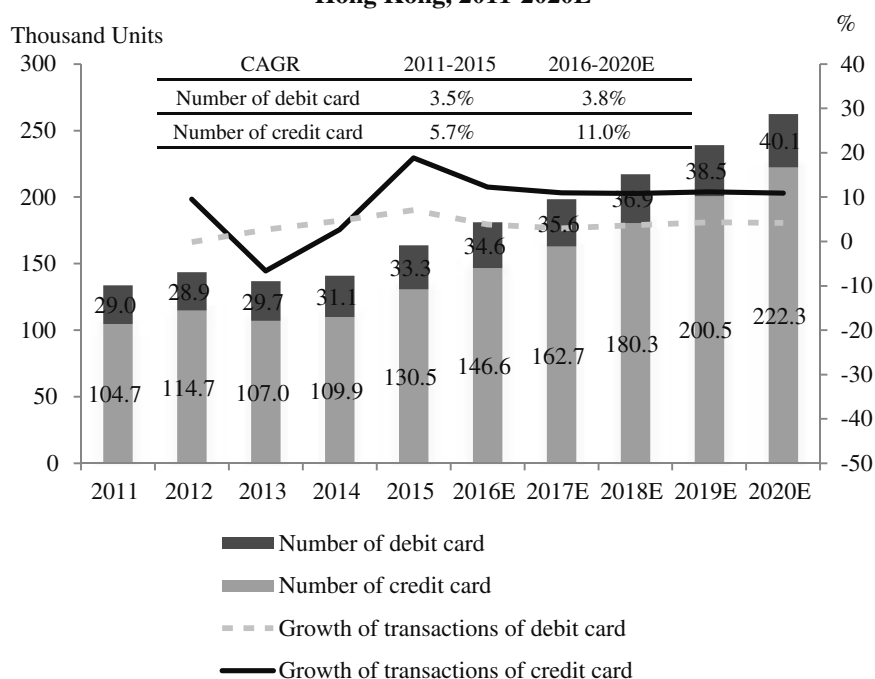
Number of transactions through credit/debit cards and settlement value

The number of transactions together with the settlement value of transactions using credit cards and debit cards is expected to continue to grow.

The total number of transactions using credit cards rose by 5.7% of CAGR over the past five years. It is anticipated that growth rate will climb to about 11.0% in the coming five years due to an increase in monetary rewards and exclusive privileges offered by credit card associations as well as a shift in preference of payment method. Therefore, total settlement value of credit cards is also expected to surge by 6.5% of CAGR from 2016 to 2020. Over the past five years, the settlement value of transactions using debit cards increased at a CAGR of 3.5% and it is expected that growth rate will remain stable during 2016 to 2020. However, the growth rate of cash in circulation is estimated to fall to about 5.6% during 2016 to 2020, meaning that consumers in the near future are more likely to keep their money in their saving accounts for transactions in card payments. It is witnessed that there is a trend of increasing small-value-transactions in response to the popularisation of contactless payment, which is the reason of an increase in number of transactions while there is a decrease in settlement value of transactions using credit cards in 2015. It is expected that the trend will continue in the near future. The following chart sets forth the number of transactions through credit/debit cards in Hong Kong for the years 2011 to 2020.

INDUSTRY OVERVIEW

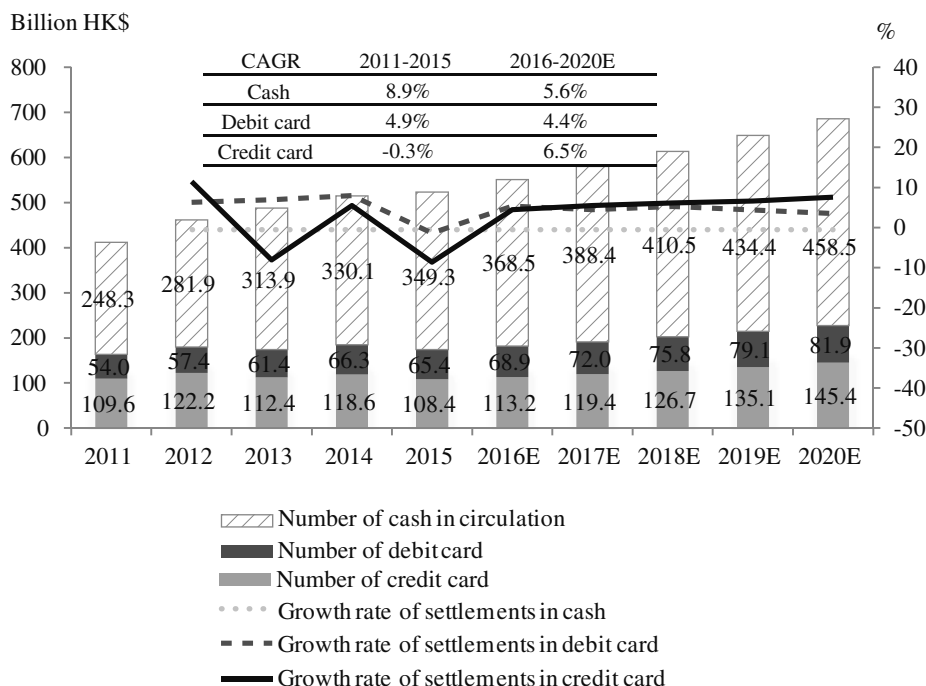
**Total Number of Transactions of Payment Cards
Hong Kong, 2011-2020E**



Source: Hong Kong Monetary Authority, Frost & Sullivan

The following chart sets forth the total settlement value of transaction of payment cards versus cash in circulation in Hong Kong for the years 2011 to 2020.

**Total Settlement Value of Payment Cards vs Cash in Circulation
Hong Kong, 2011-2020E**



Source: Hong Kong Monetary Authority, Frost & Sullivan

INDUSTRY OVERVIEW

OVERVIEW OF THE EFT-POS INDUSTRY AND MARKET IN HONG KONG

History and development

EFT-POS technology was invented in the US in 1981. Data Capture devices were introduced to merchants, however, the payment process between sellers and buyers was still inefficient and slow, and there were minimal marketing activities. EPS Company (Hong Kong) Limited, a consortium of 21 major banks in Hong Kong and established in 1984, was the first system that supported EFT payment in Hong Kong.

In the 1990's, Electronic Data Capture (“EDC”) became the next generation of EFT applications, which increased the data accuracy and decreased the time required to collect payment process data. Magnetic swipe EMV cards were used the most on EDC devices. Meanwhile, the Octopus fare collection system was launched in 1997 and was authorised to expand into the retail sector in 2000. The widespread use of contactless smartcard technology spurred demand of EFT-POS terminals and system support solutions.

Since 2002, with the increasing popularity of credit cards and computers, EFT-POS terminals have been used as a standard payment method replacing, in part, settlement in cash. Subsequently, electronic process of money transfer and payment settlement between consumers and merchants grew and became the principal of payment method.

As contactless payment became part of daily life since 2008, mobile payment has become a revolutionary technology within the electronic payment industry. In addition to the convenience it brings to consumers; productivity is maximised while labour cost is lowered using mobile payment. In 2011, the first mobile phones with EFT payment certification were introduced, which made mobile payment even more effective. In line with the rapid development of technology, it is expected that more cutting-edge technologies will be implemented into EFT-POS terminals as the use-case are getting more sophisticated and the standard of time needed for each transaction is getting lower. Although the penetration rate will not grow aggressively, the facilities and atmosphere in the industry are ready to take up rapid change.

Payment Solution Provider

Payment Solution Provider (“PSP”) refers to business entities which offers products and services for electronic payment by a variety of settlement methods including debit card and credit card, bank-based payments such as bank transfer and real-time online bank transfer. Typically, they use tailor-made software as a service model to achieve a single payment gateway for their clients, enhancing payment efficiency as well as user-experience.

Classification of Payment Solution Providers

Distributor – serves merchants who have a direct contractual relationship with each of the card associations (i.e. MasterCard, Visa, UnionPay, etc.) and collect the funds themselves.

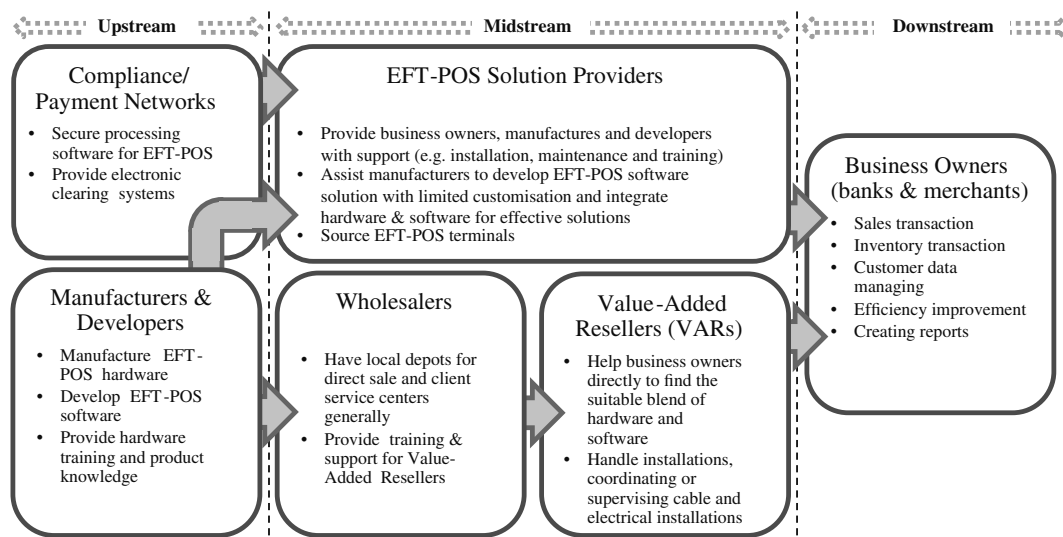
Acquirer – includes acquiring banks and payment processors which collect the funds from the card associations on behalf of the merchant, but the contractual relationship remains between the merchant and the card associations.

INDUSTRY OVERVIEW

Aggregator – Aggregator manages the contractual relationship with the card associations and receives the merchant funds and processes them on their accounts. Aggregators collect funds, settle bank accounts transactions of merchants and negotiate with the payment method company on behalf of multiple merchants.

The market for EFT-POS in Hong Kong

EFT-POS is a synthesis of both hardware and software systems, coming up with particular combinations for a particular business model. As hardware and software suppliers, manufacturers and developers would intend to reduce their costs, and improve product performance by outsourcing their sales and after-sales services. Therefore, there is a wide range of software and hardware providers in upstream to serve the natural needs for EFT industry. Manufacturers and developers usually are multinational, arousing the emergence of their downstream local wholesalers and value-added resellers. The following diagram illustrates the industry chain of the EFT-POS industry in Hong Kong.



Source: Frost & Sullivan

EFT-POS terminals in use in Hong Kong

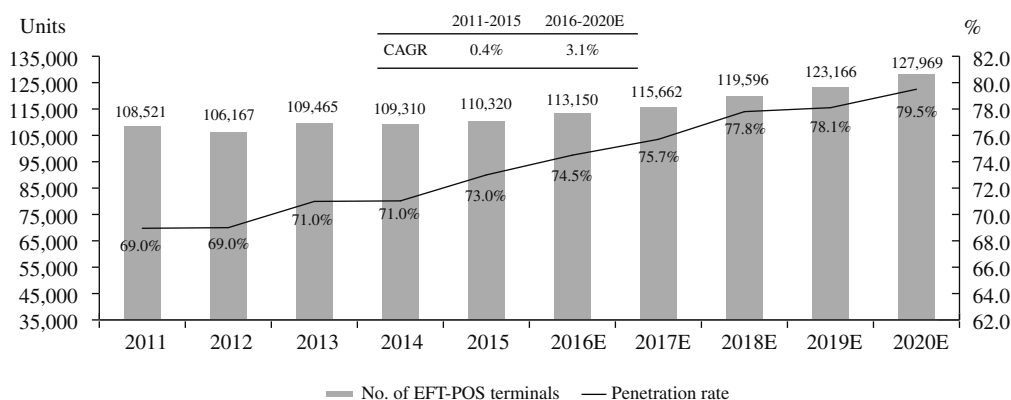
The penetration rate of EFT-POS terminals has been increasing steadily in Hong Kong.

The total number of EFT-POS terminals in use in Hong Kong has been fluctuating as the total number of terminals in Hong Kong is responsive to the performance of the retail sales in Hong Kong as with better performances of the retail sales. The number of establishments of retail stores is likely to increase and thus more EFT-POS terminals will be deployed at the new stores given the increasing popularity of accepting electronic payments. The penetration rate of EFT-POS terminals, on the other hand, has been increasing in a moderate rate from 69.0% in 2011 to 73.0% in 2015 with increasing acceptance of card payment in the retail stores in Hong Kong.

INDUSTRY OVERVIEW

It is expected that the penetration rate will rise to 79.5% by 2020 as the total number of EFT-POS in use reaches 127,969 units at a CAGR of 3.1% over the same period of time. The following chart sets forth the total number of merchants using EFT-POS terminals in Hong Kong for the years 2011 to 2020.

Total Number of EFT-POS Terminals In Use, Hong Kong, 2011-2020E

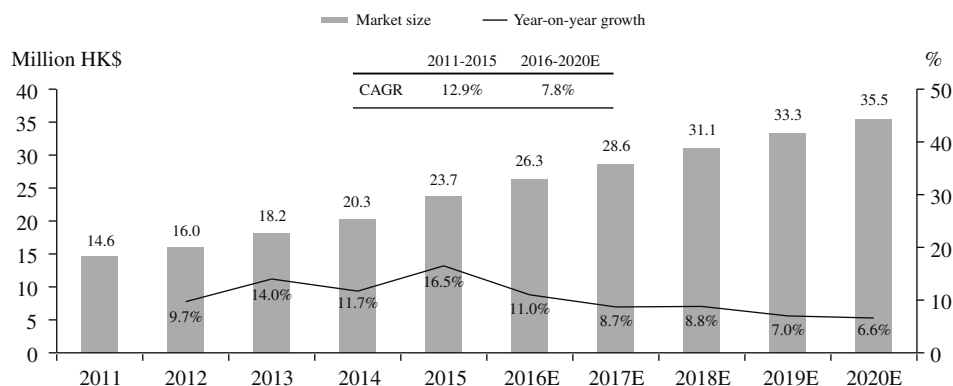


Source: HKSAR Census and Statistics Department, Frost & Sullivan

Market size of domestic sales of EFT-POS terminals and peripheral devices

After high growth in the past five years, the market will further increase driven by new products.

In line with the growing penetration rate of EFT-POS terminals among retail merchants in Hong Kong, the market size of domestic sales of EFT-POS terminals and peripheral devices experienced a CAGR of 12.9%, increasing from HK\$14.6 million in 2011 to HK\$23.7 million in 2015. New types of EFT-POS terminals with advanced functions have entered the market and it is expected to drive the market in the near future. From 2016 to 2020, the market size is estimated to further increase from HK\$26.3 million in 2016 to HK\$35.5 million in 2020, representing a CAGR of 7.8%. The following chart sets forth the market size of domestic sales of EFT-POS terminals and peripheral devices in Hong Kong in terms of revenue for the years 2011 to 2020:



Source: Frost & Sullivan

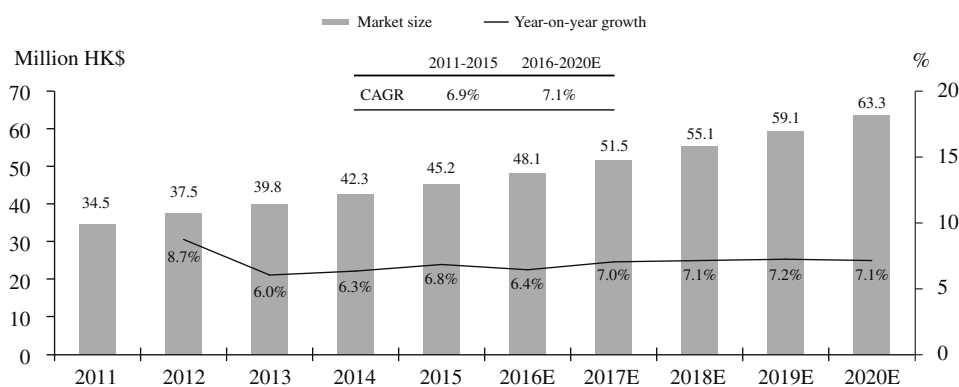
INDUSTRY OVERVIEW

Market size of system support services for EFT-POS terminals

The growing number of terminals in use will further drive the market for EFT-POS system support service.

From 2011 to 2015, with the growing number of EFT-POS terminals in use, the market size of EFT-POS system support service (including installation, repair and maintenance services) for EFT-POS terminals in Hong Kong increased from HK\$34.5 million in 2011 to HK\$45.2 million in 2015, representing a CAGR of 6.9%. Driven by surging demand for repair and maintenance services in the future, the market size is expected to have further growth to HK\$63.3 million in 2020, representing a higher CAGR of 7.1% from 2016 to 2020.

The following chart sets forth the market size of system support services for EFT-POS terminals in Hong Kong in terms of revenue for the years 2011 to 2020.



Source: Frost & Sullivan

Future development trend of the EFT-POS market in Hong Kong

EFT-POS terminals

The technology development for EFT-POS in the coming years will be focused on integration of customer relationship management (CRM) for the merchants. New and more advanced products will be equipped with higher performance ability such as higher transaction processing speed, more user friendly, higher resolution display with customer interaction functions etc., so as to improve the consumer payment experience.

With the rapid development in the EFT-POS industry, consumers have adapted to cash-free transactions. Smart card payments and electronic transactions method of payment are surging as consumers shift to more frequent use of electronic payment platforms.

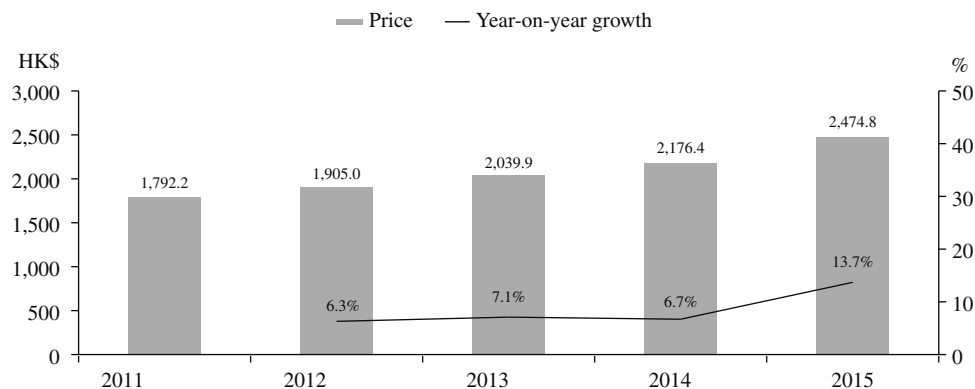
As an increasing penetration rate of EFT-POS terminals is observed in Hong Kong, consumers are now expecting card payments to be accepted in every store and service. Thus, EFT-POS terminals are considered as one of the crucial items for the retail and service industry in Hong Kong.

INDUSTRY OVERVIEW

Price trend of EFT-POS terminals in Hong Kong

According to Frost & Sullivan, the average price of EFT-POS terminals in Hong Kong has experienced steady growth in recent years. The average price of an EFT-POS terminals has grown from approximately HK\$1,800 in 2011 to approximately HK\$2,500 in 2015. The following chart sets forth the price trend of EFT-POS terminals for the years 2011 to 2015.

Price Trend of EFT-POS Terminal (Hong Kong), 2011-2015



Source: Frost & Sullivan

Payment Solutions

Payment solutions have been evolving in response to rapid technological advances in recent years. Advanced payment solutions such as NFC-enabled (or near field communication) and RFID (or radio frequency identification) payment methods, which take advantage of short-range high frequency wireless communication technologies available on mobile devices, are gaining popularity among merchants in various sectors. Apple Pay and Android Pay take advantage of NFC-enabled payment methods, whereas Alipay and WeChat offline payment utilise barcode or Quick Response (“QR”) code technologies. Thus, with the stronger acceptance of advanced payment solutions, there is an increasing need for implementation of new payment solutions in different sectors.

A new regulatory framework was introduced in 2015 on stored value facilities and retail payment systems which allowed more payment industry market players to issue mobile payment SIM cards and thus consumers would have more flexibility in using various card payment accounts for one NFC-enabled device. This framework offers greater security for NFC technology users and at the same time fosters the technology development of the new payment technology. Therefore, despite the expected CAGR of market sizes of domestic sales of EFT-POS terminals and peripheral devices decreasing from 2016 to 2020 and that of system support services for EFT-POS terminals from 2016 to 2020 remaining relatively stable as compared to CAGR of those from 2011 to 2015, the growth of the payment solutions market is still expected to be steady in the coming years given the expected CAGR of each market will be over 7% from 2016 to 2020.

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Future Outlook

As the payment technology is evolving rapidly, especially with the introduction of the latest version of PCI 4.0, a quick response is needed from the 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 the 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 the 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.

COMPETITIVE LANDSCAPE OF SOURCING OF EFT-POS TERMINALS AND PERIPHERAL DEVICES AND EFT-POS SYSTEM SUPPORT SERVICE MARKET IN HONG KONG

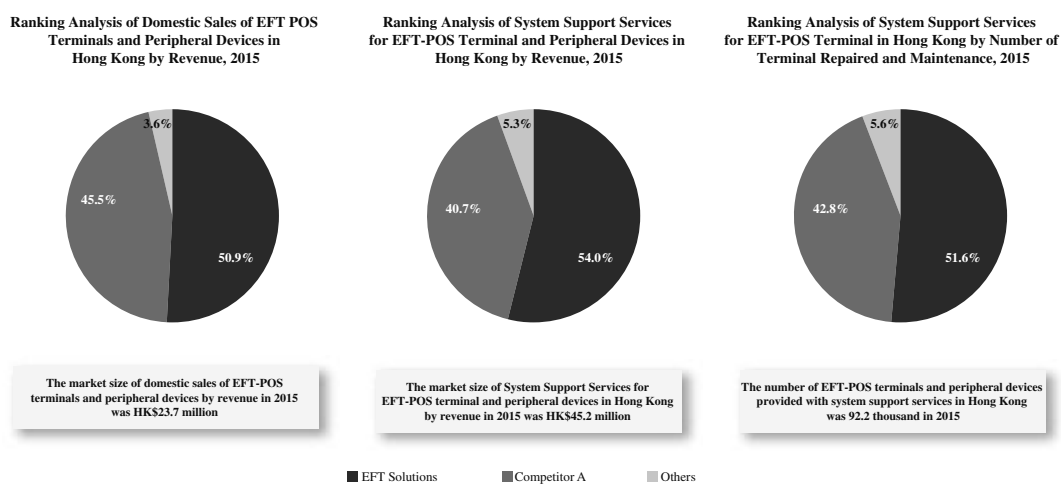
The market of EFT-POS solution providers engaged in the sourcing of EFT-POS terminals and peripheral devices and EFT-POS system support service market in Hong Kong is very concentrated with the top two players contributing more than 90% of the entire market in terms of revenue. As one of the leading players, EFT Solutions, has already established a sound customer base and maintained an excellent and ongoing collaboration relationship with major EFT-POS terminal manufacturers, acquirers and merchants. It is expected there will be further market consolidation within the industry. The acquirers tend to collaborate with distributors which have abundant industry know-how and strong technical capability so as to provide quality EFT-POS system support service or other after sales services to merchants. Meanwhile, end-users are also more willing to buy EFT-POS terminals and peripheral devices from well-recognised suppliers with sophisticated service coverage. Therefore, the market share of small players will be gradually taken up by leading players such as EFT Solutions. EFT-POS terminal manufacturers are expected to reduce their proportion of sales via direct sales and engage more distributors such as EFT Solutions for sourcing and EFT-POS system support service as they are increasingly focusing on product manufacturing process while transferring their after sales services and EFT-POS system support service to distributors or EFT-POS solution providers who can leverage their local market knowledge and comparative advantage in sales and customer relations in local markets so as to add greater value to the clients.

The acquirers and end-users are more inclined to collaborate with and choose EFT-POS solution providers who can not only offer high quality EFT-POS terminals and peripheral devices but also can deliver customised payment solution services catering for specific business model needs. For instance, department stores may demand EFT-POS solution

INDUSTRY OVERVIEW

providers to set up an efficient operation platform to settle payments (payments made at the offline physical site and payments made at online platforms) which can effectively deal with payment, collect customer information and analyse their buying behaviour. Likewise, acquirers may require EFT-POS solution providers to design and develop a payment standard which can facilitate efficient interactions with clients under the payment environment as well as full package of maintenance or after sales services related to the EFT-POS terminal. The demand of the clients become increasingly sophisticated together with expansion in business scale, upgrade and integration of businesses, which requires the EFT-POS solution providers to streamline settlement workflows – delivering applicable and compatible products and services. As many EFT-POS solution providers have noticed and paid more attention to providing customised services to end-users, competition in this area are expected to become fiercer.

The following chart shows ranking analysis of EFT-POS Solution Providers in Hong Kong by revenue for 2015.



Source: Frost & Sullivan

The EFT-POS solution providers market in Hong Kong is quite centralised with the top two players accounting for over 90% of the market size in 2015. EFT Solutions is the largest player in market with a revenue of HK\$12.1 million for sourcing of EFT-POS terminals and peripheral devices and HK\$24.4 million for EFT-POS System Support Service, accounting for 50.9% and 54% of the market share in Hong Kong respectively, followed by Competitor A which holds a market share of 45.5% and 40.7% in the corresponding two business sectors in 2015 by revenue. The rest of the market is made up of a small number of small-scale players including EFT-POS terminal manufacturers who may engage with end users on EFT-POS system support service of EFT-POS terminals and peripheral devices, and technology companies which offer EFT-POS peripheral devices to end user as supplementary functions. Also, vendors which only provide EFT-POS system support service related to the EFT-POS terminals and peripheral devices also contribute to the market growth.

The market also comprises of companies providing EFT-POS system support service and professional third parties such as EFT Solutions which sources EFT-POS terminals and peripheral devices from manufacturers and distributes to acquirers and merchants and offer after-sale services, if necessary.

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As third-party distributors such as EFT Solutions possess high quality client sources and well performing marketing and distribution channels, it is expected that more third-party distributors will be appointed by manufacturers to engage in sourcing and EFT-POS system support service in the future and the market share of companies such as EFT Solutions is anticipated to have further growth.

Factors of competition – Entry barriers

Business network

Business connections with suppliers and acquirers are essential in the EFT-POS industry. Recognition and trust by suppliers requires significant time and resources when establishing an EFT-POS solution provider company. Whereas, acquirers play a key role to the business of EFT-POS related companies; therefore, being a bridging role between acquirers and suppliers are especially vital in order to optimise EFT-POS terminals sourcing and gain greater market share. On the sourcing side, EFT-POS terminal manufacturers will only provide terminal hardware training and the software development kit to approved and preferred distributors or EFT-POS solution providers, which is essential to perform software implementation, maintenance and payment standard development. Likewise, as it is necessary for the merchants to request EFT-POS terminals through acquirers, therefore, acquirers are influential to the distribution and market share of EFT-POS terminals.

Market know-how and product knowledge

Market know-how and software development capabilities can help to have a deeper understanding of the industry as well as how to offer innovative software solution services. However, there is a limited number of engineers and technicians with both sides of experience available in the market, which hinders the entry of new competitors.

High time cost to grant certificate

The current certification processed for start-up companies in this area uses a series of examination on several attributes such as acceptable performance and professional standards. New entrants normally require to take a significant amount of time to obtain the grant of a certificate, which raises the time cost during their initial phases of establishment.

Opportunities

The well developed EFT-POS market in Hong Kong is ready for wider application in line with EFT-POS technology which is advancing rapidly. Further, merchants are pursuing more sophisticated business models for better customer satisfaction and experience, leading to a greater demand of EFT-POS terminals and peripheral devices and software solution services.

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The electronic payment industry in Hong Kong has been slow to take up technological advances across the board. For example:

Taxi

Paying for a taxi ride by way of credit card has been available in Australia, New York, Japan and Singapore for a number of years whereas such technology was only introduced in Hong Kong recently, and has not seen widespread use. In Hong Kong, amongst over 18,000 taxis, which generally are owned by individuals, taxi drivers and taxi management companies, only a small number of taxis accept electronic payment. Due to the increasing prevalence of electronic payment in Hong Kong in recent years, there is a need and trend to promote electronic payment methods in public transport. Given the current use of credit card for payment of taxi fares in other Asian countries such as Japan and Singapore, card payment of taxi fares in Hong Kong is feasible and necessary.

Food and beverages service providers

In 2015, there were approximately 16,600 food and beverages service providers in Hong Kong, of which approximately 11,800 were using EFT-POS terminals and approximately 4,800 were currently not using EFT-POS terminals.

In other developed countries, wireless EFT-POS terminals or “pay at table” devices have been adopted to increase card security and efficiency for the cardholder, as the card will remain within the control of the cardholder at all time and they will be able to make their payment at their table. Whereas in Hong Kong, the large majority of EFT-POS terminals at the food and beverage service providers are desktop terminals placed next to cashier, which require its staff to bring the payment card to the EFT-POS terminal to process the card payment.

Increasing prevalence of electronic payment in the retail and service industry will drive the adoption of payment card acceptance at food and beverage service providers not currently using EFT-POS terminals and the adoption of wireless EFT-POS terminals or “pay at table” devices at food and beverage service providers already using EFT-POS terminals.

Public car parking meters

In 2016, there were about 9,800 parking meters installed at about 18,000 on-street parking spaces in Hong Kong. The Transport Department of Hong Kong is contemplating trial schemes to introduce a new generation of parking meters with new features and functions to include, among others, wireless transaction reporting and acceptance of contactless smart card payment such as Visa payWave, MasterCard Contactless and UnionPay QuickPass payment functions. It is believed that the Hong Kong government intends to make efforts to introduce acceptance of credit card payments to all the public car parking meters in Hong Kong.

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Acquiring host software service

With increased digitisation, opportunities exist to compete with the existing market players in other niche markets along the electronic payment industry value chain such as acquiring host technologies required by the acquirers. Electronic payment transaction reports are generally generated and sent by fax or by post, by the acquirers to the merchants which leads to time lag from the time of payment transaction and the merchants would not be able to conduct real-time analysis.

Whilst a limited number of payment processors offer licensing of “acquiring host” software at great expense to local acquirers, such software may not fully satisfy the local acquirers’ needs and they may not receive adequate and timely software system support or upgrade due to advances in technology. Further, software development and maintenance of “acquiring host” software require substantial amounts of resources, manpower and time. Acquirers are usually licensed banks in Hong Kong which are generally not engaged in software programming and they may not be willing to invest resources in setting up their own software team for “acquiring host” software and thus it is common for them to outsource such function to third party service providers. Therefore, there is a ready market for “acquiring host” software development for use by acquirers in Hong Kong.

Threats

According to the Payment Systems and Stored Value Facilities Ordinance (Chapter 584 of the Laws of Hong Kong), Stored Value Facility operators (as define in that ordinance) in Hong Kong are required to apply for licences every year. To deploy well matched retail payment systems, new applicants are likely to seek cooperation with international EFT-POS terminal manufacturers minimising use of EFT-POS solution providers like EFT Solutions.

The market in which we operate is characterised by rapid technological changes, frequent and numerous product introductions and enhancements, continually evolving industry security standards and rapidly changing customers’ and end-users’ requirements. As a result, we may be required to adapt to the changes and enhance our technical know-hows in a timely manner to maintain our competitiveness in the electronic payment industry. Continually enhancing our services and capabilities is an uncertain process requiring accurate anticipation of technological and market trends. These efforts also require significant increased costs, and we may not necessarily be able to increase or maintain prices to account for these costs. Our competitors may be able to adapt to new or emerging technologies and changes to meet customer requirements more quickly, adopt more aggressive pricing policies, and devote greater resources to the marketing of their services and products. The intense competition may reduce our profitability and may result in a loss of market share, which may have a material adverse effect on our business, prospects, financial condition and results of operations. For further information, please refer to the sub-section headed “Risk factors – Risks relating to our business – We are subject to industry and technology changes, such as the recent growth in mobile payments due to the introduction of mobile payment technologies, and are dependent on market acceptance of new products. If we are unable to adequately respond to these changes, continually enhance our existing services in a timely manner, our results of operation may be adversely affected.” in this prospectus.

INDUSTRY OVERVIEW

Further, growth of online shopping portals such as Amazon and Taobao may minimise usage of EFT-POS at retail merchants. According to Frost & Sullivan, whilst there has been growth in online transactions through the internet in recent years, with the growth of online shopping portals such as Amazon and Taobao, physical retail stores continue to dominate retail sales in Hong Kong and will continue to do so in future due to the entrenched nature of consumer spending patterns and the manner in which consumers shop and pay for goods. The overall effect of the growth of online transactions on retail sales value in Hong Kong has been negligible as evidenced by the strong growth in retail sales between 2011 to 2013 and negligible contraction in retail sales between 2013 to 2015. However, if the shopping patterns of consumers change in the future, the retail sales value in Hong Kong may decrease accordingly. Moreover, negative growth in retail sales was mainly attributable to the decline of number of mainland China tourist and slow down of global economy, which may also result in contraction of the retail market in Hong Kong. For further information, please refer to the sub-section headed “Risk factors – Risks relating to industry – Our financial results may be affected by macroeconomic environment and changes in spending patterns and the manner in which consumers shop and pay for goods, particularly in light of recent contraction of retail market in Hong Kong and growth in online transactions through the internet.” in this prospectus.

REGULATORY OVERVIEW

REGULATORY REQUIREMENTS IN HONG KONG

This section sets out an overview of material laws, regulations and rules applicable to our Group's business in Hong Kong.

BUSINESS REGISTRATION

The Business Registration Ordinance, Chapter 310 of the Laws of Hong Kong, requires every person carrying on any business shall make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is made and as soon as practicable after the prescribed business registration fee and levy are paid and issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

SUPPLY OF GOODS

The Sales of Goods Ordinance, Chapter 26 of the Laws of Hong Kong, which aims to codify the laws relating to the sale of goods provides that:

- (a) under section 15, where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description;
- (b) under section 16, where a seller sells goods in the course of a business, there is an implied condition that the goods supplied under the contract are of merchantable quality, except that there is no such condition (i) as regards to defects specifically drawn to the buyer's attention before the contract is made; or (ii) if the buyer examines the goods before the contract is made, as regards defects which that examination ought to reveal; or (iii) if the contract is a contract by sample, as regards defects which would have been apparent on a reasonable examination of the sample; and
- (c) under section 17, where there is a contract for sale by sample, there are implied conditions that (i) the bulk shall correspond with the sample in quality, (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and (iii) the goods shall be free from any defects, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Where any right, duty or liability would arise under a contract of sale of goods by implication of law, it may (subject to the Control of Exemption Clauses Ordinance, Chapter 71 of the Laws of Hong Kong) be negative or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract.

REGULATORY OVERVIEW

SUPPLY OF SERVICES

The Supply of Services (Implied Terms) Ordinance, Chapter 457 of the Laws of Hong Kong, which aims to consolidate and amend the laws with respect to the terms to be implied in contract for the supply of services (including a contract for the supply of a service whether or not goods are also transferred or to be transferred, or bailed or to be bailed by way of hire) provides that:

- (a) where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service with reasonable care and skill; and
- (b) where the supplier is acting in the course of a business, the time for service to be carried out is not fixed, is not left to be fixed in a manner agreed by the contract or is not determined by the course of dealing between the parties, there is an implied term that the supplier will carry out the service within a reasonable time.

Where a supplier is dealing with a party to a contract for supply of service who deals as a consumer, the supplier cannot, by reference to any contract term, exclude or restrict any liability of him arising under the contract by virtue of the Supply of Services (Implied Terms) Ordinance. Otherwise, where any right, duty or liability would arise under a contract for the supply of a service by virtue of the Supply of Services (Implied Terms) Ordinance, it may (subject to the Control of Exemption Clauses Ordinance) be negative or varied by express agreement, or by the course of dealing between the parties, or by such usage as binding on both parties to the contract.

CONTROL OF EXEMPTION CLAUSES

The Control of Exemption Clauses Ordinance, Chapter 71 of the Laws of Hong Kong, which aims to limit the extent to which civil liability for breach of contract, or for negligence or other breach of duty, can be avoided by means of contract terms and otherwise provides that:

- (a) under section 7, a person cannot by reference to any contract term or to a notice given to persons generally or to particular persons exclude or restrict his liability for death or personal injury resulting from negligence and in the case of other loss or damage, a person cannot exclude or restrict his liability for negligence except in so far as the term or notice satisfies the requirements of reasonableness;
- (b) under section 8, as between contracting parties where one of them deals as consumer or on the other's written standard terms of business, as against that party, the other cannot by reference to any contract term (i) when himself in breach of contract, exclude or restrict any liability of his in respect of the breach, or (ii) claim to be entitled to render a contractual performance substantially different from that which was reasonably expected of him, or (iii) claim to be entitled in respect of the whole or any part of his contractual obligation, to render no performance at all, except in so far as the contract term satisfies the requirement of reasonableness;

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- (c) under section 9, a person dealing as a consumer cannot by reference to any contract term be made to indemnify another person in respect of liability that may be incurred by the other for negligence or breach of contract, except in so far as the contract term satisfies the requirement of reasonableness; and
- (d) under section 11, as against a person dealing as consumer, the liability for breach of the obligations arising under section 15, 16 and 17 of the Sales of Goods Ordinance cannot be excluded or restricted by reference to any contract term, and as against person dealing otherwise than as consumer, the liability arising under section 15, 16 and 17 of the Sales of Goods Ordinance can be excluded or restricted by reference to a contract term, but only in so far as the terms satisfying the requirement of reasonableness.

Sections 7, 8 and 9 of the Control of Exemption Clauses Ordinance do not apply to any contract so far as it relates to the creation or transfer of a right or interest in any patent, trade mark, copyright, registered design, technical or commercial information or other intellectual property, or relates to the termination of any such right or interest. In relation to a contract term, the requirement of reasonableness for the purpose of the Control of Exemption Clauses Ordinance is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.

COPYRIGHT

The Copyright Ordinance, Chapter 528 of the Laws of Hong Kong, gives the copyright owner the exclusive right to reproduce or issue copies of the work to the public. It is an infringement for a third party to do those acts without the consent of or a licence from the copyright owner. If an infringement occurs, the copyright owner can bring an action seeking damages or an injunction to restrain the unauthorised copying. A copyright tribunal comprising members from different sectors of the community has been established to handle copyright licensing disputes and ensure a balancing of interests. The copyright tribunal is established pursuant to section 169 of the Copyright Ordinance and its scope includes deciding disputes relating to licences offered by, or licensing schemes operated by licensing bodies in the copyright and related area. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, there had been no claim against our Group in respect of infringement of intellectual property rights of any third party.

Under the Copyright Ordinance, provision is made to protect copyright works of computer program. Our Group has not registered the copyright of its software systems in Hong Kong as there is no formal procedure to register copyrights of software systems in Hong Kong. Should there be any formal procedure to register copyright of software systems in Hong Kong in the future, our Group may consider to register the copyright of its software systems in Hong Kong.

REGULATORY OVERVIEW

COMPETITION

The Competition Ordinance, Chapter 619 of the Laws of Hong Kong, prohibits and deters undertakings in all sectors from adopting anti-competitive conduct which has the object or effect of preventing, restricting or distorting competition in Hong Kong. It provides for general prohibitions in three major areas of anti-competitive conduct described as the first conduct rule, the second conduct rule and the merger rule.

The first conduct rule prohibits undertakings from making or giving effect to agreements or decisions or engaging in concerted practices that have as their object or effect to prevent, restrict or distort competition in Hong Kong. The second conduct rule prohibits undertakings that have a substantial degree of market power in a market from engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong. The merger rule prohibits undertakings that, directly or indirectly, carry out mergers that have or are likely to have the effect of substantially lessening competition in Hong Kong. The scope of application of the merger rule is limited to carrier licences issued under the Telecommunications Ordinance, Chapter 106 of the Laws of Hong Kong.

Pursuant to section 82 of the Competition Ordinance, if the Competition Commission has reasonable cause to believe that (a) a contravention of the first conduct rule has occurred; and (b) the contravention does not involve serious anti-competitive conduct, it must, before bringing proceedings in the Competition Tribunal against the undertaking whose conduct is alleged to constitute the contravention, issue a notice (a “warning notice”) to the undertaking.

However, under section 67 of the Competition Ordinance, where the Competition Commission has reasonable cause to believe that a contravention of the first conduct rule has occurred and the contravention involves serious anti-competitive conduct or a contravention of the second conduct rule has occurred, it may, instead of bringing proceedings in the Competition Tribunal in the first instance, issue a notice (an “infringement notice”) to the person against whom it proposes to bring proceedings, offering not to bring those proceedings on condition that the person makes a commitment to comply with requirements of the infringement notice. “Serious anti-competitive conduct” means any conduct that consists of any of the following or any combination of the following – (a) fixing, maintaining, increasing or controlling the price for the supply of goods or services; (b) allocating sales, territories, customers or markets for the production or supply of goods or services; (c) fixing, maintaining, controlling, preventing, limiting or eliminating the production or supply of goods or services; and/or (d) bid-rigging.

In the event of the breaches of the Competition Ordinance, the Competition Tribunal may make orders including: imposing a pecuniary penalty if satisfied that an entity has contravened a competition rule; disqualifying a person from acting as a director of a company or taking part in the management of a company; prohibiting an entity from making or giving effect to an agreement; modifying or terminating an agreement; and requiring the payment of damages to a person who has suffered loss or damage.

REGULATORY OVERVIEW

COMPLIANCE WITH THE RELEVANT REQUIREMENTS

As confirmed by our Directors, our Group has obtained all necessary permits, approvals and licences to operate its existing business in Hong Kong from relevant governmental bodies since its establishment, and our Group complies in all material respects with all applicable laws, regulations, rules, codes and guidelines in Hong Kong which are material to the business and operation of our Group during the Track Record Period and up to the Latest Practicable Date.

REGULATORY REQUIREMENTS IN MACAU

This section sets out an overview of material laws, regulations and rules applicable to our Group's business in Macau.

REGISTRATION OF BUSINESS COMMENCEMENT WITH NO PERMANENT ESTABLISHMENT IN MACAU

Our Company is subject to a business registration of business commencement applicable to the enterprise or company which has no permanent establishment in the Macau at the Finance Department of Macau required under Industrial Tax Regulation. Non-compliance of the mentioned registration is subject to a fine in an amount within MOP200 to MOP100,000 (MOP stands for Macau Patacas, legal tender of Macau).

TAX RETURN FILING AND NO EMPLOYMENT DECLARATION

Consequent to the abovementioned registration, our Company is also subject to submission of tax return to the mentioned authority annually regarding the income derived from the after sale technical support service to the clients located in Macau under the Complementary Income Tax Regulation and the respective tax will levy according to the mentioned tax regulation.

In addition, our Company is also required to submit a declaration for no employee in Macau under Professional Tax Regulation to the mentioned authority annually.

PROHIBITION OF ILLEGAL WORK REGULATION

The after sale technical support service provided by our Company to its Macau clients by its designated employees from Hong Kong, in any case, cannot exceed 45 days, either consecutive or accumulated, for each period of 6 months, in order to comply with the restrictions under Prohibition of Illegal Work Regulation. In addition, according to the said regulation, a record of the mentioned service is required to be kept for the purpose of the inspection of the relevant authority.

HISTORY, DEVELOPMENT AND REORGANISATION

OVERVIEW

Our Company was incorporated in the Cayman Islands on 26 May 2016 and became the holding company of our subsidiaries upon completion of the Reorganisation. Our Company has been registered in Hong Kong under Part 16 of the Companies Ordinance as a registered non-Hong Kong company on 15 July 2016. Our Group comprises subsidiaries in BVI and Hong Kong, namely EFT Solutions International and EFT Solutions. For further details of our corporate structure, please refer to the sub-section headed “Reorganisation” in this section.

OUR BUSINESS HISTORY

The history of our Group can be traced back to 2004 when EFT Solutions was incorporated in Hong Kong with the English name “Affinity International Corporation Limited” which principally engaged in trading of electronic terminal and provision of maintenance and related services. Mr. Lo owned as to 45% of interests in EFT Solutions at incorporation, while Mr. Lee Ka Ming Kelvin, one of the senior management of our Company, held 10% interest and an Independent Third Party held the remaining 45% interest. Mr. Lo and the Independent Third Party disposed their respective 45% interest in EFT Solutions to Ms. Lam in June 2005 and EFT Solutions was controlled by Ms. Lam therefrom. In June 2008, Affinity International Corporation Limited changed its English name to “EFT Solutions Limited” then in August 2008, when deciding to focus on creation and development of his personal business, Mr. Lo acquired all shares of EFT Solutions using his own funds and became its sole shareholder, which remained unchanged until the Reorganisation. At the same time, Mr. Lo became the sole director of EFT Solutions.

After accumulating years of experience in the electronic payment industry through his time in Ingenico International (Pacific) Pty Limited and Hang Seng Bank Limited, Mr. Lo observed that neither the EFT-POS terminal manufacturers nor the acquirers in Hong Kong were taking a proactive role to provide innovative or customised services to the end users in the electronic payment industry (i.e. the retail merchants and individual consumers) in Hong Kong. Therefore, Mr. Lo decided to explore such business opportunities by providing one-stop EFT-POS terminal and peripheral device sourcing and EFT-POS System Support Service in Hong Kong. Through years of cultivation, during the Track Record Period, our Group has arrangements to provide EFT-POS System Support Service with four EFT-POS terminal manufacturers (covering 15 acquirers), and directly to 12 acquirers (of which six acquirers overlapped with those acquirers covered under service arrangements with the four EFT-POS terminal manufacturers) and seven major merchants in Hong Kong and Macau, covering approximately 47,000 EFT-POS terminals which are deployed at merchants including chain stores and department stores such as PARKnSHOP, DFS, Watsons and SOGO Hong Kong. In 2014, we developed our business to expand the provision of software solution services, to position our Group as a total solutions provider, which we believe, makes us stand out from our competitors within the industry.

HISTORY, DEVELOPMENT AND REORGANISATION

OUR BUSINESS MILESTONE

The following table sets out the major development milestones of our Group since its establishment.

Date	Event
February 2004	EFT Solutions, our principal operating subsidiary, was incorporated in Hong Kong.
August 2008	EFT Solutions became the value added partner of Verifone North Asia Limited, a subsidiary of Verifone, an international EFT-POS terminal manufacturer.
May 2009	EFT Solutions began to provide EFT-POS System Support Service for PAX Technology Limited, a subsidiary of PAX, an international EFT-POS terminal manufacturer. The number of EFT-POS terminals under EFT-POS System Support Service provided by our Group reached 5,000.
March 2011	The number of EFT-POS terminals under EFT-POS System Support Service provided by our Group reached 15,000, a triple of that in May 2009.
December 2011	EFT Solutions provided payment solution service to a convenience store with EPS function in Hong Kong.
July 2012	The number of EFT-POS terminals under EFT-POS System Support Service provided by our Group reached 30,000, a double of that in March 2011.
February 2014	EFT Solutions began to provide EFT-POS System Support Service for EFT-POS terminals at the Hong Kong International Airport and DFS in Hong Kong.
July 2014	EFT Solutions began to provide software solution services by cooperating with SOGO Hong Kong and began to provide EFT-POS System Support Service for EFT-POS terminals deployed there.
November 2015	The number of EFT-POS terminals under EFT-POS System Support Service provided by our Group reached 45,000 a 1.5 multiple of that in July 2012 and representing over 40.0% of all the EFT-POS terminals in use in Hong Kong in 2015.

HISTORY, DEVELOPMENT AND REORGANISATION

OUR CORPORATE HISTORY

Our Company

Our Company was incorporated in the Cayman Islands on 26 May 2016. Upon completion of the Reorganisation, our Company became the investment holding company of our Group, details of which are set out in the sub-section headed “Reorganisation” in this section.

EFT Solutions

EFT Solutions was incorporated under the laws of Hong Kong on 11 February 2004 with limited liability under its former English company name of “Affinity International Corporation Limited”. On the date of its incorporation, 45 shares and 10 shares were allotted and issued to Mr. Lo and Mr. Lee Ka Ming Kelvin, one of the senior management of our Group, respectively, who were also appointed as the first director of EFT Solutions upon its incorporation. For further details of the background of Mr. Lee Ka Ming Kelvin, please refer to the section headed “Directors and senior management” in this prospectus. On the same day, EFT Solutions allotted and issued 45 shares to Mr. Christian Peter Charlton, an Independent Third Party, at a consideration of HK\$45.

On 25 June 2005, both Mr. Lo and Mr. Christian Peter Charlton transferred 45 shares in EFT Solutions at a consideration of HK\$45 and 45 shares in EFT Solutions at a consideration of HK\$45, respectively to Ms. Lam. On 25 June 2005, Mr. Lo resigned as director of EFT Solutions and Ms. Lam was appointed as director of EFT Solutions. On 27 December 2006, Mr. Lee Ka Ming Kelvin transferred 10 shares in EFT Solutions at a consideration of HK\$10 to Mr. Lo Chun Choi, Mr. Lo’s brother. On 27 December 2006, Mr. Lee Ka Ming Kelvin resigned as director of EFT Solutions and Mr. Lo Chun Choi was appointed as director of EFT Solutions. On 10 June 2008, EFT Solutions changed its English name from “Affinity International Corporation Limited” to “EFT Solutions Limited”. On 13 August 2008, Ms. Lam and Mr. Lo Chun Choi transferred 90 shares in EFT Solutions at a consideration of HK\$90 and 10 shares in EFT Solutions at a consideration of HK\$10, respectively to Mr. Lo. Upon completion of such share transfers and until immediately prior to the Reorganisation, Mr. Lo held 100 shares (being all the issued shares) of EFT Solutions. On 13 August 2008, both Ms. Lam and Mr. Lo Chun Choi resigned as directors of EFT Solutions and Mr. Lo was appointed as the sole director of EFT Solutions.

Ms. Lam was re-appointed as a director of EFT Solutions on 22 April 2013 and remained as director until 14 February 2015.

HISTORY, DEVELOPMENT AND REORGANISATION

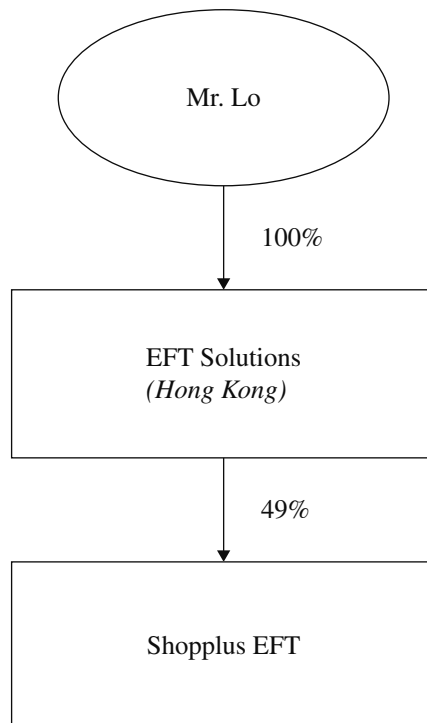
Shopplus EFT Limited

Shopplus EFT Limited (“Shopplus EFT”) was incorporated under the laws of Hong Kong on 17 December 2010. On the date of its incorporation, 1 share was allotted and issued to EFT Solutions. Mr. Lo was appointed as the first director of Shopplus EFT upon its incorporation. On 1 November 2012, Shopplus EFT allotted and issued 48 shares at a consideration of HK\$48 and 51 shares at a consideration of HK\$51 to EFT Solutions and Media Express Technology Limited, an Independent Third Party, respectively. On 1 November 2012, Media Express Technology Limited was appointed as a corporate director of Shopplus EFT. On 17 June 2016, EFT Solutions transferred 49 shares in Shopplus EFT at a consideration of HK\$49 to Media Express Technology Limited. Upon completion of such share transfer on the same day, Shopplus EFT became wholly owned by an Independent Third Party and ceased to be part of our Group. Since 1 November 2012 and up to the date of disposal of its shares by EFT Solutions, Shopplus EFT was treated as an associate of our Group. To the best knowledge of Mr. Lo, who was also the director of Shopplus EFT, Shopplus EFT had not carried on any business since its incorporation.

REORGANISATION

The companies comprising our Group underwent the Reorganisation to rationalise our corporate structure in preparation for the Share Offer, and as a result, our Company became the holding company of our Group.

Set forth below is the corporate structure and shareholding structure of our Group immediately prior to the implementation of the Reorganisation:



HISTORY, DEVELOPMENT AND REORGANISATION

Incorporation of our Company and our holding company

LCK Group

LCK Group was incorporated under the laws of BVI on 24 May 2016 with limited liability and is authorised to issue a maximum of 50,000 shares of US\$1.00 each, of which one share was allotted and issued as fully paid to Mr. Lo upon incorporation. Accordingly, LCK Group was wholly owned by Mr. Lo.

Our Company

Our Company was incorporated as an exempted company under the laws of the Cayman Islands on 26 May 2016 with limited liability. The initial authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. Upon incorporation of our Company, one Share was allotted and issued as fully paid at par to Reid Services Limited, being an Independent Third Party, and the Share was then transferred to LCK Group on the same day. Further 99 Shares were allotted and issued as fully paid at par to LCK Group on the same day. Accordingly, our Company became a direct wholly owned subsidiary of LCK Group.

On 15 July 2016, our Company was registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance.

EFT Solutions International

EFT Solutions International was incorporated under the laws of BVI on 27 May 2016 with limited liability and is authorised to issue a maximum of 50,000 shares of US\$1.00 each, of which one nil-paid share was allotted and issued as fully paid to our Company upon incorporation. Accordingly, EFT Solutions International became a direct wholly owned subsidiary of our Company.

Disposal of Shopplus EFT

On 17 June 2016, EFT Solutions transferred 49 shares in Shopplus EFT at a nominal consideration of HK\$49 to Media Express Technology Limited. Upon completion of such share transfer on the same day, Shopplus EFT became wholly owned by an Independent Third Party and ceased to be part of our Group.

Acquisition of EFT Solutions by our Company from Mr. Lo

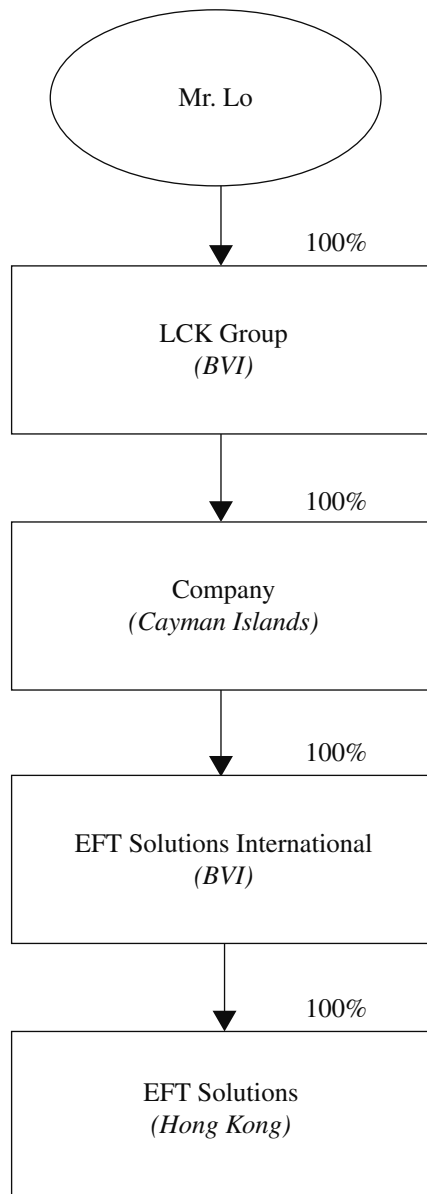
On 20 June 2016, Mr. Lo, EFT Solutions International, our Company and LCK Group entered into a sale and purchase agreement, pursuant to which Mr. Lo agreed to sell, and EFT Solutions International agreed to purchase, 100 shares of EFT Solutions (representing the entire issued shares of EFT Solutions) (the “Acquisition”) in consideration for our Company’s agreement of allotting and issuing 900 Shares, credited as fully paid at par, to LCK Group in

HISTORY, DEVELOPMENT AND REORGANISATION

value of HK\$10,228,401 (being the amount of net asset value of EFT Solutions as at 30 April 2016). Upon settlement and completion of the Acquisition and the allotment and issuance of the 900 Share to LCK Group on the same day, EFT Solutions became a direct wholly owned subsidiary of EFT Solutions International.

Upon completion of the Reorganisation, our Company became the holding company of our Group.

Set forth below is the corporate structure and shareholding structure of our Group immediately after the Reorganisation but prior to the Capitalisation Issue and the Share Offer:

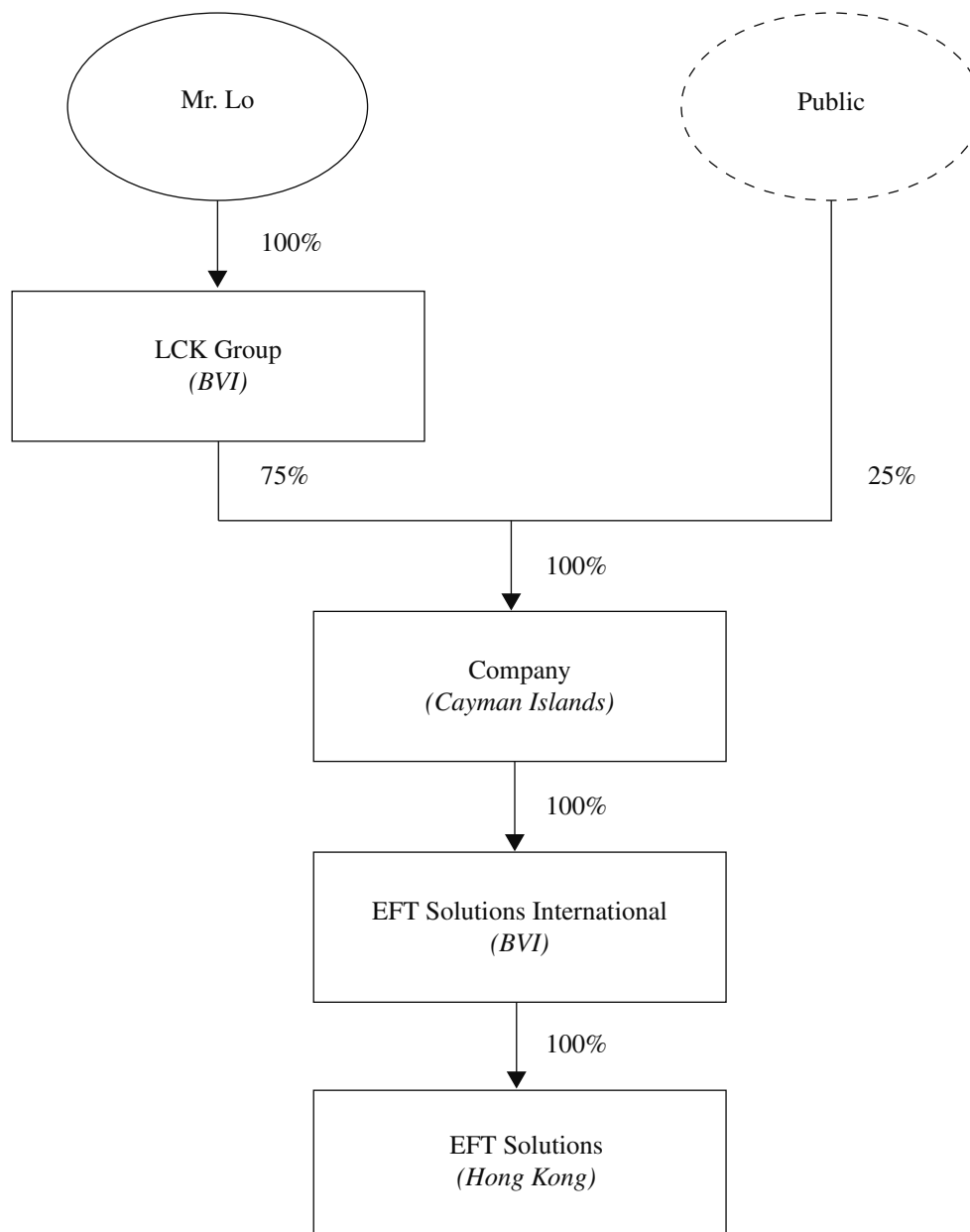


HISTORY, DEVELOPMENT AND REORGANISATION

Capitalisation Issue and the Share Offer

Conditional on the share premium account of our Company being credited with the proceeds from the Share Offer, HK\$3,839,990 will be capitalised from the share premium account of our Company and applied in paying up in full 383,999,000 new Shares for the allotment and issuance to the existing Shareholder of our Company, namely LCK Group, on or before Listing.

Set forth below is the corporate structure and shareholding structure of our Group immediately after the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be issued upon the exercise of any option which may be granted under the Share Option Scheme):



BUSINESS

OVERVIEW

We are a leading EFT-POS solution provider focusing on providing EFT-POS terminal and peripheral device sourcing and EFT-POS System Support Service in Hong Kong. We position ourselves as the link between EFT-POS terminal manufacturers and acquirers 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, ongoing maintenance, repair and other related services of EFT-POS terminals (the “EFT-POS System Support Service”). We also provide customised project-based software solution services to acquirers and merchants.

We provide sourcing of EFT-POS terminals and peripheral devices services to acquirers as well as merchants. We are a value added partner of (i) Verifone Systems International Limited, a subsidiary of Verifone, and (ii) a subsidiary of Supplier B. Verifone and Supplier B, according to Frost & Sullivan, are respectively ranked, in terms of revenue, as the top two EFT-POS terminal manufacturers in the world in 2015. As a value added partner, we promote and market the products as well as develop software applications for the respective EFT-POS terminal, which can pass the certifications of the acquirers in Hong Kong and Macau. We have established long business relationships with Verifone since August 2008, PAX since May 2009 and Supplier B since November 2010. Since December 2015, we have also developed a close business relationship with Castles, an EFT-POS terminal and peripheral device manufacturer headquartered in Taiwan, who according to Frost & Sullivan, is ranked, in terms of revenue, as a top ten EFT-POS terminal and peripheral device manufacturer in the world in 2015. Leveraging our experience in the electronic payment industry and our well-established business relationships with EFT-POS terminal and peripheral device manufacturers, we are able to recommend suitable EFT-POS solutions meeting the requirements of our customers. For each of the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, we generated revenue of approximately HK\$14.0 million, HK\$20.6 million and HK\$7.6 million, respectively from sourcing EFT-POS terminals and peripheral devices for our customers.

According to Frost & Sullivan, EFT-POS terminal manufacturers and acquirers may not maintain a team to provide EFT-POS System Support Service in the markets in which they have a presence and will typically outsource EFT-POS system support service to EFT-POS solution providers. Our EFT-POS System Support Service involves installation, maintenance, collection, repair and other related services of EFT-POS terminals deployed by acquirers at merchants including chain stores and department stores such as PARKnSHOP, DFS, Watsons and SOGO in Hong Kong. As part of our EFT-POS System Support Service, we also provide 24/7 hotline services and basic training on the use of EFT-POS terminals to merchants. During the Track Record Period, we had service arrangements to provide EFT-POS System Support Service with four EFT-POS terminal manufacturers (covering 15 acquirers) and directly to 12 acquirers (of which six acquirers overlapped with those acquirers covered under service arrangements with the four EFT-POS terminal manufacturers) and seven major merchants, covering approximately 47,000 EFT-POS terminals as at 31 July 2016 in Hong Kong and Macau. For each of the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, we generated revenue from EFT-POS System Support Service of approximately HK\$19.9 million, HK\$24.4 million and HK\$8.0 million, respectively. According to Frost & Sullivan, in 2015, we ranked first in terms of revenue of EFT-POS solution providers providing EFT-POS System Support Service with a market share of 54.0% in Hong Kong.

BUSINESS

We also provide value-added software solution services by developing customised software on a project basis, which streamline data gathering and enhance the payment process and operation flow for the acquirers and merchants. During the Track Record Period, we developed software for our customers relating to, among others, customer relationship management and electronic retail management (“ERM”) as well as certain application enhancement projects, among others, mobile EFT-POS terminals for use in kiosks and simplification of charging of plastic bag levy, for a merchant. For each of the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, we generated revenue of approximately HK\$1.3 million, HK\$1.0 million and HK\$1.1 million, respectively from developing project-based software solution services.

The following table sets forth our revenue derived from our business operations during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>							
EFT-POS System Support Service	19,860	56.4	24,408	53.1	8,119	38.0	7,986	47.9
Sourcing of EFT-POS terminals and peripheral devices	14,008	39.8	20,599	44.8	13,222	61.9	7,621	45.7
Software solution services	1,340	3.8	979	2.1	7	0.1	1,060	6.4
Total	35,208	100.0	45,986	100.0	21,348	100.0	16,667	100.0

During the Track Record Period, we also generated revenue through sourcing and sale of EFT-POS peripheral devices to Customer A in Australia and for the years ended 31 March 2015 and 2016 we also generated revenue through sourcing EFT-POS terminals or providing EFT-POS System Support Service to customers in Macau. The following table sets forth an analysis of our revenue by geographical location based on the shipment destination for the EFT-POS terminals and peripheral devices and the location of services rendered during the Track Record Period:

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Hong Kong	28,916	33,299	10,823	14,280
Australia	5,153	8,502	8,502	2,387
Macau	1,139	4,185	2,023	–
	35,208	45,986	21,348	16,667

BUSINESS

Our revenue increased by approximately HK\$10.8 million from approximately HK\$35.2 million for the year ended 31 March 2015 to approximately HK\$46.0 million for the year ended 31 March 2016, representing an increase of approximately 30.6%. Whilst our revenue decreased by approximately HK\$4.7 million from approximately HK\$21.3 million for the four months ended 31 July 2015 to approximately HK\$16.7 million for the four months ended 31 July 2016, representing a decrease of approximately 21.9%, which was the combined result of (i) increase in revenue from customers in Hong Kong; and (ii) decrease in revenue from customers in Australia and Macau.

We assisted Customer A, being the only customer of our Group during the Track Record Period who is located in Australia, to source EFT-POS peripheral devices of which the revenue amounted to approximately HK\$5.2 million, HK\$8.5 million, HK\$8.5 million and HK\$2.4 million, respectively, and accounted for approximately 14.6%, 18.5%, 39.8% and 14.3% of our total revenue for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2015 and 2016, respectively. The decrease in revenue from the four months ended 31 July 2015 to the four months ended 31 July 2016 was mainly attributable to the significant amount of revenue recorded during the four months ended 31 July 2015 due to the increase in procurement of peripheral devices for Customer A as a result of the higher procurement level in the four months ended 31 July 2015, to the best knowledge of our Directors, mainly attributable to test phase deployment of an unified and integrated payment and taxi meter platform on its taxi fleet in that period.

For the years ended 31 March 2015 and 2016, we generated revenue from sourcing EFT-POS terminals and providing EFT-POS System Support Service to the customer in Macau, amounted to approximately HK\$1.2 million and HK\$4.2 million respectively. For the four months ended 31 July 2015, we sourced EFT-POS terminals to the customer in Macau which amounted to approximately HK\$2.0 million. There were no revenue recognised through sourcing EFT-POS terminals or providing EFT-POS System Support Service to the customer in Macau for the four months ended 31 July 2016.

For details, please refer to the section headed “Financial information” of this prospectus.

MARKET POSITIONING OF OUR GROUP IN THE ELECTRONIC PAYMENT INDUSTRY

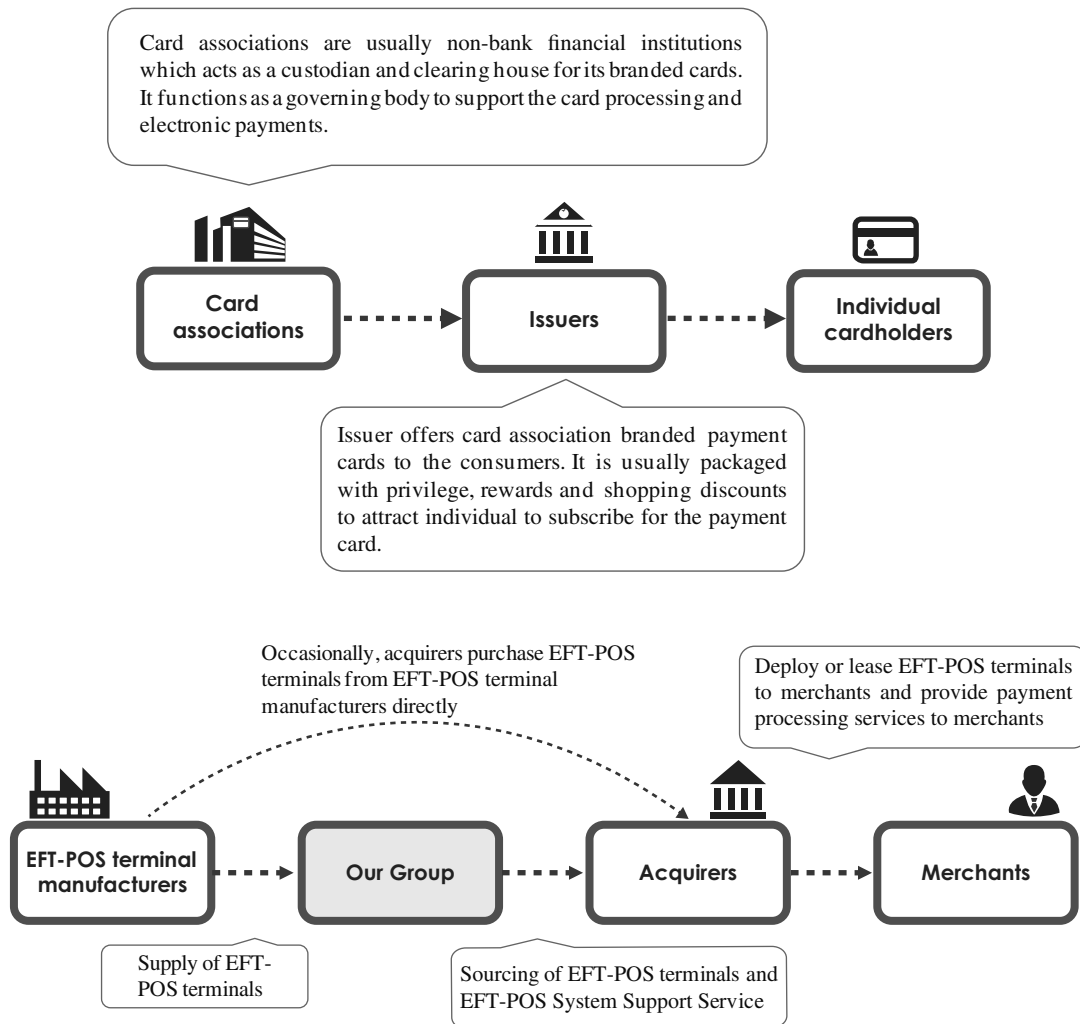
Background of the electronic payment industry

In the electronic payment industry in Hong Kong, an individual can effect an electronic payment through debit or credit card issued by an issuer (such as Hang Seng Bank, DBS etc.) branded under the name of card associations (such as Visa, MasterCard etc.). A merchant can receive electronic payment through an EFT-POS terminal placed at its premises.

In general, EFT-POS terminals are manufactured by EFT-POS terminal manufacturers and directly or indirectly sold to acquirers, which are generally licensed banks in Hong Kong (such as Hang Seng Bank, DBS etc.). Acquirers then deploy or lease the EFT-POS terminals to be used for payment processing to merchants.

BUSINESS

The following diagram illustrates the relationship among the different parties in the value chain of electronic payment system:



Source: Frost & Sullivan

BUSINESS

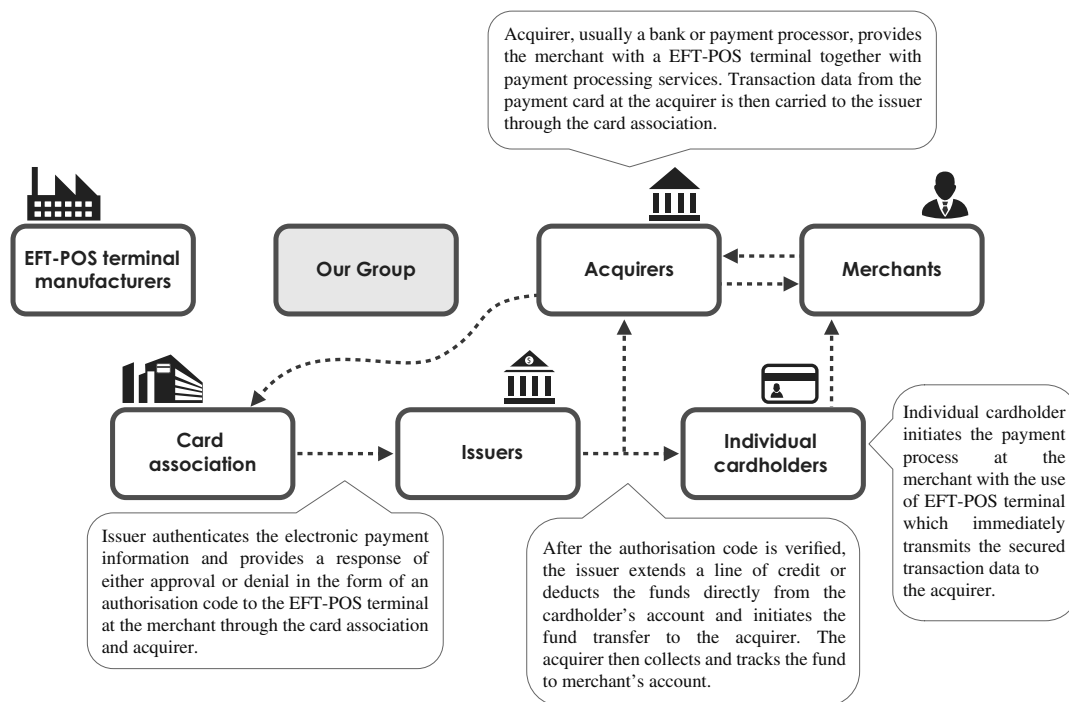
Set out below is a summary of the general role of different market players in the electronic payment industry in Hong Kong:

Individual cardholder	Anyone who owns and makes payment at merchants by electronic payment cards
Merchant	Retailer that sells goods or services in a retail establishment Acquirers deploy or lease EFT-POS terminals at the merchant's request, in return, acquirer will charge the merchant certain service fees as a percentage to the sales value
Issuer	Usually a bank that offers card association branded payment cards (which may be packaged with privilege, rewards and shopping discounts) to the individual cardholder. It is responsible to authenticate, arrange and record payments from the individual cardholders to acquirers. Issuer includes licensed banks in Hong Kong
Card association	A non-bank financial institution that acts as a custodian and clearing house for its branded payment card and functions as a governing body to support the card processing and electronic payments
Acquirer	Usually a bank that Captures card payment instructions from the merchants and facilitates payments to merchants It purchases EFT-POS terminals then deploys and leases it to merchants. It earns service fee from merchants, which will be shared with issuer and card association, whereby the card association transmits the electronic payment transaction data from the payment card at the acquirer to the issuer for authorisation of the transaction (for further details please refer to the descriptions of issuer and card association above and the paragraph headed "Introduction of electronic payments" in the sub-section headed "Industry overview – Overview of the electronic payment industry in Hong Kong" in this prospectus).

BUSINESS

EFT-POS solution provider such as our Group	A party that distributes EFT-POS terminals and provides EFT-POS System Support Service and/or software solution services
EFT-POS terminal manufacturer	A party that designs and manufactures EFT-POS terminals It sells EFT-POS terminals directly to acquirers or indirectly through EFT-POS solution providers

The following diagram illustrates a typical electronic payment transaction:



Source: Frost & Sullivan

Market position of our Group

Each model of EFT-POS terminal manufactured by the EFT-POS terminal manufacturer needs a software that complies with electronic payment standards acceptance certification of each of the acquirer before the acquirer can purchase and deploy or lease the EFT-POS terminal to merchants for electronic payment in Hong Kong. Each model of EFT-POS terminal has different SDK and the certification of each of the acquirer has different specifications. The party responsible for developing the software is required to be software professionals who on one hand are familiar with SDK of models of EFT-POS terminals and on the other hand, are familiar with the acquirers' electronic payment standards acceptance certification requirements in Hong Kong.

According to Frost & Sullivan, a large number of EFT-POS terminals used in Hong Kong are sourced from leading international EFT-POS terminal manufacturers such as Verifone and Supplier B. Given that Hong Kong is a relatively small market, such leading international EFT-POS terminal manufacturers may not set up a software team to conduct the electronic payment standards acceptance certification and/or a sales and marketing team to promote their EFT-POS terminals. They may prefer to devote their resources in the design and manufacturing process of their products and sales and marketing in larger markets. Therefore, they may require an authorised distributor to access the Hong Kong market, such as the EFT-POS solution provider to sell and market their EFT-POS terminals.

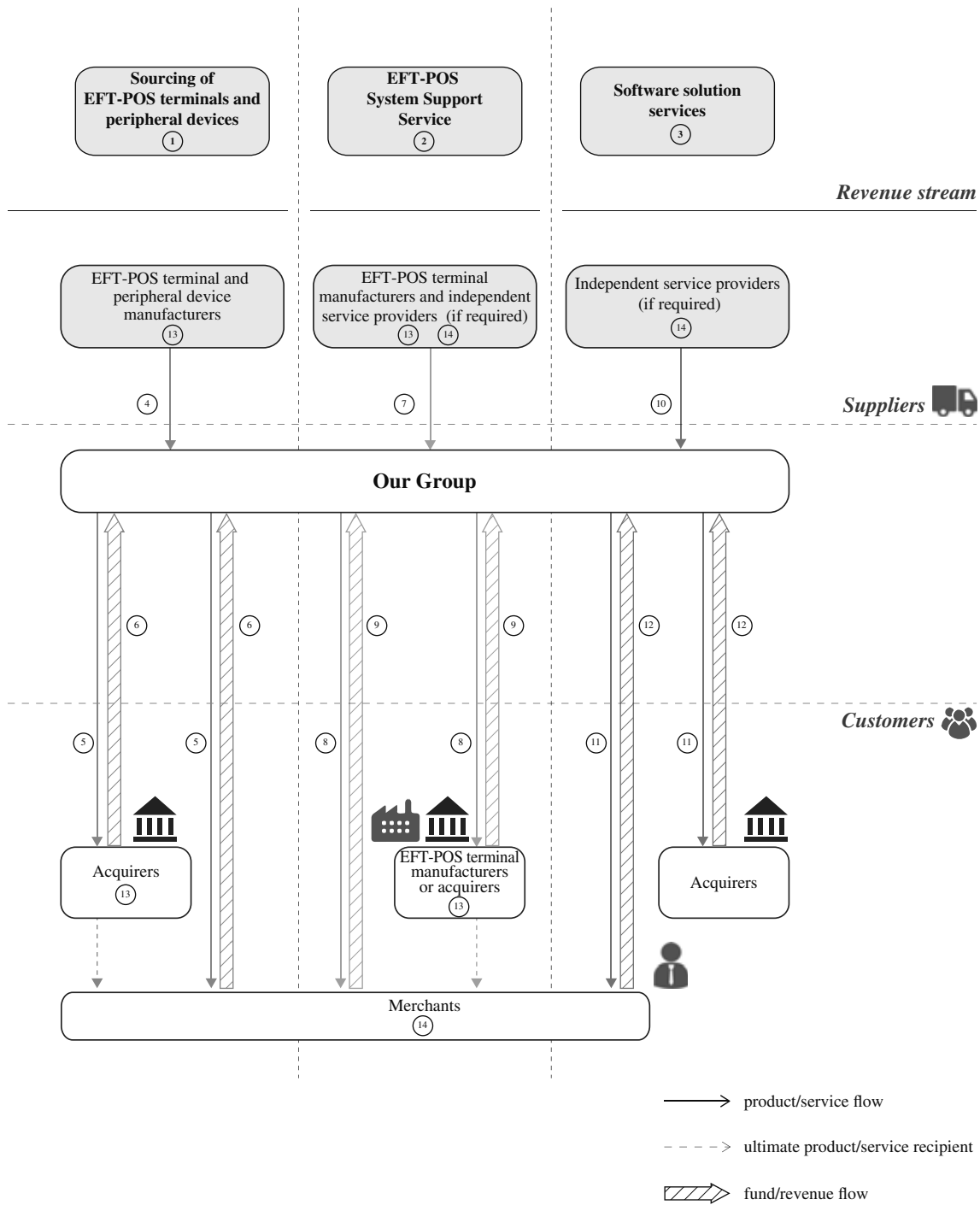
Acquirers are usually licensed banks in Hong Kong which are generally not engaged in software programming and they may not be willing to invest resources in setting up their own software team to assist the EFT-POS terminal manufacturers for the certification nor set up a repair and maintenance team for repair and maintenance of the EFT-POS terminals. As such, there is a niche market for third parties to provide EFT-POS terminal and peripheral device sourcing and EFT-POS System Support Service in Hong Kong.

In view of the above, we position ourselves as the link between EFT-POS terminal manufacturers and acquirers to provide total EFT-POS solutions including sourcing of EFT-POS terminals and peripheral devices services, together with EFT-POS System Support Service. Our involvement can effectively fill the gap between EFT-POS terminal manufacturers and the acquirers and add value to the electronic payment industry in Hong Kong as a whole.

BUSINESS

OUR BUSINESS MODEL

Our business model can be simplified into three business streams: (i) sourcing of EFT-POS terminals and peripheral devices; (ii) EFT-POS System Support Service; and (iii) software solution services. The key nature and major functions of our business operation are illustrated in the flowchart below:



BUSINESS

Notes:

- 1 We source EFT-POS terminals and peripheral devices from EFT-POS terminal and peripheral device manufacturers and sell to acquirers and merchants at selling prices on a cost-plus basis.
- 2 We enter into service arrangements with EFT-POS terminal manufacturers, acquirers and merchants to provide on-going EFT-POS System Support Service for a regular system support fee and adhoc service fee (where applicable). We also enter into service arrangements with a limited number of acquirers and merchants to provide certain EFT-POS System Support Service and related services on a per call basis.
- 3 We develop customised software solution services on a project basis, whereby the fee is based on, among others, complexity of the project and normally charged by milestone.
- 4 We source EFT-POS terminals and peripheral devices from EFT-POS terminal and peripheral device manufacturers.
- 5 We source EFT-POS terminals and peripheral devices for acquirers and merchants.
- 6 We sell EFT-POS terminals and peripheral devices at selling prices determined on a cost-plus basis.
- 7 EFT-POS terminal manufacturers supply us with EFT-POS terminals and parts which we utilise for system support purposes. We outsource customer service hotline to a call centre service provider, an Independent Third Party. We also engage independent on-site technicians to increase the efficiency of our EFT-POS System Support Service.
- 8 We provide EFT-POS System Support Service to merchants directly or merchants cooperating with EFT-POS terminal manufacturers/acquirers, for our full system support services which are offered throughout the year on a 24 hour basis or during set service hours, or for our non-full system support services which are offered on a per call basis.
- 9 We charge our EFT-POS System Support Service customers engaging us for full system support services a fixed monthly fee with adhoc service fees payable for certain of our services or urgent services, and our EFT-POS System Support Service customers engaging us for non-full system support services on a set fee schedule on a per call basis.
- 10 We may engage independent programmers for provision of software solution services when programming in languages not typically used in our business operations such as Android or iOS, if required.
- 11 We provide customised project-based software solution services for our software solution services customers including acquirers and merchants.
- 12 We charge an one-off development fee payable normally by milestone and an on-going maintenance service charge (where required) to customers utilising our software solution services.
- 13 During the Track Record Period, to the best knowledge and belief of our Directors, certain EFT-POS terminal manufacturers who were our ten largest suppliers were also our customers. Our Directors believe that it is not uncommon for EFT-POS terminal manufacturers to outsource EFT-POS System Support Service to EFT-POS solution providers to serve their customers in Hong Kong. We generally sourced EFT-POS terminals from these EFT-POS terminal manufacturers and sold them to acquirers and merchants. We also entered into service arrangements with these EFT-POS terminal manufacturers to provide EFT-POS System Support Service to their customers, which were acquirers and merchants.
- 14 For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, to the best knowledge and belief of our Directors, one, nil and nil merchant who was our ten largest customer was also our supplier. We generated revenue from the EFT-POS System Support Service provided to this merchant while engaged this merchant as an independent programmer for one of our software solution services projects rendered under our software solution services.

BUSINESS

As a result of our business model described above, some of our customers are also our suppliers and can generally be categorised as follows:

Business stream	Customers	Suppliers
Sourcing of EFT-POS terminals and peripheral devices	<ul style="list-style-type: none"> • Acquirers; and • Merchants 	<ul style="list-style-type: none"> • EFT-POS terminal and peripheral device manufacturers
EFT-POS System Support Service	<ul style="list-style-type: none"> • EFT-POS terminal manufacturers; • Acquirers; and • Merchants 	<ul style="list-style-type: none"> • EFT-POS terminal manufacturers (for repair parts); and • Independent service providers (if required)
Software solution services	<ul style="list-style-type: none"> • Acquirers; and • Merchants 	<ul style="list-style-type: none"> • Independent service providers (if required)

COMPETITIVE STRENGTHS

We believe that our competitive strengths are as follows:

We are well positioned as a total EFT-POS solution provider to benefit from growth in the EFT-POS market in Hong Kong

According to Frost & Sullivan, EFT-POS terminal manufacturers and acquirers may not maintain a team to provide EFT-POS system support service in the markets in which they have a presence and will typically outsource EFT-POS system support service to EFT-POS solution providers. We position ourselves as the link between EFT-POS terminal manufacturers and acquirers to provide total EFT-POS solutions including sourcing of EFT-POS terminals and peripheral devices services, together with EFT-POS System Support Service. According to Frost & Sullivan, the markets of sourcing of EFT-POS terminals and peripheral devices and the EFT-POS System Support Service in Hong Kong are relatively centralised with the top two players accounting for over 90% of the Hong Kong market share in terms of revenue in 2015. We are the leaders in these two markets in Hong Kong, having captured 57.1% of the EFT-POS terminal and peripheral device sourcing and 54.0% of the EFT-POS Systems Support Service markets, respectively, in terms of revenue in 2015.

To perfect our service offering as a total EFT-POS solution provider, we also provide software solution services to merchants on project bases. Through our years of operating experience, we have developed capabilities in these markets which allow us to provide different solutions to meet our customers' requirements and build close relationship with them.

According to Frost & Sullivan, the EFT-POS terminal and peripheral device sourcing and the EFT-POS solution provider markets, respectively, in Hong Kong are expecting year on year growth of over 7% during the year 2016 to 2020. Given our leading market position, industry experience and technical expertise, we believe that we are ideally positioned as a total EFT-POS solution provider to benefit and gain additional market share from anticipated growth in the EFT-POS terminal market in Hong Kong.

BUSINESS

We have an established customer base and have built up reputation in the industry

Over the years, our Group has developed an established customer base with leading international EFT-POS terminal manufacturers and sizeable acquirers and renowned merchants. We attract new customers mainly through referrals from our established customer base. Therefore, maintaining on-going relationships with existing customers is important to the development of our business. Our Group maintains regular contact with existing customers to keep abreast of their needs and market trends. We attracted sixteen, six and one new customers for the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively, generated revenue of approximately HK\$7.0 million, HK\$1.2 million and HK\$0.1 million, which accounted for approximately 20.0%, 2.5% and 0.5% of our total revenue for the respective years/period, respectively. During the Track Record Period, we had service arrangements to provide EFT-POS System Support Service with four EFT-POS terminal manufacturers (covering 15 acquirers) and directly to 12 acquirers (of which six acquirers overlapped with those acquirers covered under service arrangements with the four EFT-POS terminal manufacturers) and seven major merchants, covering approximately 47,000 EFT-POS terminals as at 31 July 2016 deployed to merchants including chain stores and department stores such as PARKnSHOP, DFS, Watsons and SOGO in Hong Kong.

We have long term relationship with our customers. As at 31 July 2016, our average business relationship with our five largest customers for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively, was approximately six years. Establishment of a customer base and building up reputation takes time and effort. We believe that our established and long-term business relationships with our customers cannot be easily replicated by others.

We believe our track record of providing total solutions to leading EFT-POS terminal manufacturers, acquirers and merchants in Hong Kong evidences the quality of our services and our success in building up reputation within the industry.

We have a team who possess strong technical know-how which allow us to capture future growth in the industry

With over eight years of operating experience in the EFT-POS industry, we believe that our accumulated technical know-how and software development capabilities allows us to capture market opportunities. Our information technology teams has an average of approximately six years of experience in EFT-POS equipment specification testing and electronic payment standards acceptance certification solutions as well as developing software solutions for our customers. We are therefore able to offer EFT-POS equipment specification testing and electronic payment standards acceptance certification solutions to EFT-POS terminal manufacturers, acquirers and merchants who may not possess the necessary experience or expertise with certain electronic payment standards. For further details on the qualifications and experience of our information technology team, please refer to the sub-section headed “Business – Information technology matters – Information technology team” in this prospectus.

BUSINESS

Due to the EMV and PCI standards, each acquirer has stringent system requirements and specifications on how EFT-POS terminal communicates with the acquirer system during a payment transaction. Typically, only EFT-POS terminal manufacturers or a limited number of software developers will have the requisite expertise to develop software for use on EFT-POS terminals. We possess the SDK and signing tools for four EFT-POS terminal manufacturers and are able to develop software for EFT-POS models of these EFT-POS terminal manufacturers we would like to recommend to the acquirers and merchants. We attend industry conferences organised by EFT-POS terminal manufacturers such as Verifone and Supplier B with the purpose of keeping abreast of their developments and market trends. Further, prior to the launch of new models, EFT-POS terminal manufacturers often invite us to attend training sessions on the characteristics of the new hardware and software.

We have also become a partner of the Hong Kong Mobility Partner Program, a group of independent software developers, systems integrators, and accessories suppliers with the aim to form a powerful Mobility Ecosystem in which they will collaborate on mobility solutions running the iOS operating system, which is part of an initiative pioneered by Apple Inc. We believe that being part of the Hong Kong Mobility Partner Program, we will build up recognition in providing sourcing of EFT-POS terminals and peripheral devices and software solution services within the mobility solutions industry.

We believe that our strong technical know-how allows us to capture future growth from merchants' increasing demand for integrated software solution services due to an increasing number of models of EFT-POS terminals are marketed in Hong Kong. Protection of our technical know-how is therefore important to our operations and we have implemented certain measures to protect our intellectual property. For further details on the protection of our technical know-how, please refer to the sub-section headed "Business – Intellectual property" in this prospectus.

We have well-established business relationships with our suppliers

We are the value added partner (i.e. we add features or services to the EFT-POS terminals manufactured by certain EFT-POS terminal manufacturers to help merchants or acquirers to source the suitable blend of hardware and software for payment solutions and we coordinate or supervise installations of these EFT-POS terminals) of Verifone and a subsidiary of Supplier B in Hong Kong. We provide authorised service for three of the top five manufacturers of EFT-POS terminals in the world in terms of revenue. We have established business relationships with Verifone since August 2008, PAX since May 2009 and Supplier B since November 2010.

Our experience in the electronic payment industry and our business relationships with EFT-POS terminal manufacturers expose us to the industry developments, and we are able to recommend suitable electronic payment solutions meeting the requirements of our customers, as well as being able to source the relevant terminals at a favourable price. We attend industry conferences organised by EFT-POS terminal manufacturers such as Verifone and Supplier B with the purpose of keeping abreast of their developments and market trends. Further, prior to the launch of new models, EFT-POS terminal manufacturers often invite us to attend training sessions on the characteristics of the new hardware and software, which facilitates our development of the relevant electronic payment standards acceptance certification solutions.

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We believe our well-established business relationships with our suppliers, as well as our reputation in the industry coupled with our industry experience, provides us with a competitive edge.

We possess an experienced senior management team with in-depth knowledge of the market in which we operate

We have an experienced senior management team with a diverse range of backgrounds and substantial expertise in the electronic payment industry in Hong Kong. Our executive Directors and senior management have an average of over ten years of electronic payment industry experience. Our Chairman and CEO, Mr. Lo, has over 19 years of experience in the electronic payment industry. Having engaged in the industry since early 1997 working in a range of related positions in Ingenico International (Pacific) Pty Limited, which is one of the world's largest EFT-POS terminal manufacturers and then later with an acquirer in Hong Kong, he was appointed as the director and the chief executive officer of EFT Solutions since August 2008 and has been leading the strategic development and daily operations of EFT Solutions since then. We believe that the in-depth knowledge and experience of our executive Directors and senior management in electronic payment solutions, together with in-depth understanding of local culture and work environment and business experience, have enabled them to lead our Group to capture market opportunities, enhance our relationship with key customers and formulate and implement development strategies effectively. For further details, please refer to the section headed "Directors and senior management" in this prospectus.

OUR STRATEGIES

Our principal business objective is to strengthen our market position in Hong Kong's electronic payment industry by increasing our capabilities and offering diverse and high quality services. To achieve it, we have formulated and intend to adopt the following strategies:

Expand and diversify our business offering

In line with advances in technology and updates in PCI protocols, EFT-POS terminal manufacturers around the world are ready to introduce a new wave of EFT-POS terminals with advanced features and higher standards of security. The PCI protocols are technical and operational requirements set to protect cardholder data, which apply to all organisations (including acquirers, etc.) that store, process and transmit cardholder data during the payment transactions. The security standards are managed by the Payment Card Industry Security Standards Council. When a new version of PCI protocol comes out, a sunset date will be announced from which the acquirer deploying the payment devices such as EFT-POS terminals will assume liability with no protection from any compromises or security breaches associated with the devices. EFT-POS terminals are certified as being compliant with certain versions of PCI protocols. Protection on EFT-POS terminals certified with PCI protocol version 2.x. will expire on 30 April 2017 whereas protection on EFT-POS terminals certified with PCI protocol version 3.x may expire on 30 April 2020, and protection on EFT-POS terminals certified with PCI protocol version 4.x. may expire on 30 April 2023.

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PCI protocol 4.x. introduces additional requirements for user-available security, and it is envisaged that a number of EFT-POS terminal manufacturers such as Verifone and Supplier B will release new terminals in 2016. For example, to the best knowledge of our Directors, Supplier B will release new EFT-POS terminal models targeted at different markets as well as EFT-POS terminals featuring biometric scanners for enhanced security; Verifone will release terminals targeted towards the integration of EFT-POS terminals with retail point of sale terminals. We believe other leading EFT-POS terminal manufacturers will also be releasing new models of EFT-POS terminals in the near future.

New technologies such as Apple Pay and Android Pay, mobile payment and digital wallet services offered by Apple Inc. and Android enabled devices, respectively will let users make payments using near-field communication technologies to process payments at tap-to-pay terminals.

Our strategies are to be well equipped with expertise and resources to develop software that can (i) comply with electronic payment standards acceptance certification based on the SDK of the new advanced models of EFT-POS terminals; (ii) compatible with new payment technology such as Apple Pay and Android Pay; and (iii) capture various market opportunities when they arise in the dynamic and fast moving electronic payment industry.

Market opportunities

Taxi

According to Frost & Sullivan, paying for a taxi ride by way of credit card has been available in Australia, New York, Japan and Singapore for a number of years whereas such technology was only introduced in Hong Kong recently, and has not seen widespread use. According to Frost & Sullivan, amongst over 18,000 taxis in Hong Kong, only a small number of taxis accept electronic payment. Given the current use of credit card for payment of taxi fares in other Asian countries such as Japan and Singapore, it is considered that card payment of taxi fares in Hong Kong is feasible and necessary. The acceptance of credit card payments in the taxi industry in Hong Kong is not popular which, to the best knowledge and belief of our Directors, is mainly hindered by (i) insufficient civic promotion and governmental support for the use of electronic payments on taxis whereas electronic payments are widely accepted on other forms of public transport in Hong Kong; (ii) the reluctance of certain taxi drivers in Hong Kong to accept delayed payment when using electronic payments; and (iii) the handling charges of using electronic payments which reduce the income of taxi drivers. However, due to the higher popularity of using electronic payments in Hong Kong in recent years, there is a need and trend to promote electronic payment methods in public transport. As stated in section headed "Industry overview" in this prospectus, the expected CAGR of the number of credit cards in circulation in Hong Kong from 2016 to 2020 will be approximately 4.6% as compared to that of approximately 3.7% from 2011 to 2015 and the number of transactions using credit card payment will experience an expected CAGR of approximately 11.0% from 2016 to 2020 as compared with that of approximately 5.7% from 2011 to 2015. In view of the increasing prevalence of credit card payment, there will be a corresponding stronger demand for credit card payment of taxi fares in the future.

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Public transport such as buses, minibuses, Mass Transit Railway (“MTR”) and trams have fixed routes and destinations and their fares are considered to be relatively lower. To increase efficiency, since 1997, Octopus was introduced as a means of payment for MTR, buses and minibuses etc.. Contrary to other forms of public transport, taxi fares are progressive according to the distance travelled and duration of journey, and can cost up to few hundreds Hong Kong dollars per journey. Passengers generally choose taxis having considered the comfort and direct point-to-point travel from one destination to another and generally possess higher spending power than passengers of other public transport. Currently, it is not uncommon for passengers to choose other transport alternatives if they perceive they do not have enough cash to settle the taxi fare. Given the transaction amount of taxis is relatively high and is a form of public transport taken by tourists, credit and debit cards payments are considered to be an appropriate alternative payment method for taxi fares. Moreover, for passengers who frequently take taxis, they may opt to use credit card for payments to collect and redeem rewards from issuers. Thus, the promotion of use of electronic payments on taxis may in turn stimulate the demand and actual usage by passengers and would increase the income of taxi drivers.

According to Frost & Sullivan, taxis in Hong Kong are usually owned by individuals, taxi drivers and taxi management companies. For taxi drivers, the use of electronic payments reduces the inconvenience of the taxi drivers having to carry large amounts of change and reduces the situation where the taxi drivers do not have sufficient change to give to the passengers upon arriving at the destination. For taxi management companies, the use of electronic payments on taxi fleets can help to centralise the receipts from passengers and thus avoid delay or avoidance in taxi rental payments by drivers. Although there will be slight delay in receipt of money by the taxi drivers and/or the taxi management companies which technically will be one business day after transaction, having considered the above benefits to the taxi drivers, taxi management companies, passengers and the industry, our Directors believe that such market opportunity will emerge.

Our Directors consider that our Group has the relevant experience and expertise in sourcing of EFT-POS terminal and peripheral devices and provision of EFT-POS System Support Service to the Hong Kong taxi industry. For example, one of our major customers, Customer A, is principally engaged in the provision of leading taxi network services to taxi operators and drivers in Australia; and we also started to provide EFT-POS terminal sourcing service and EFT-POS System Support Service to a taxi management company in Hong Kong in 2015 to accept credit card payment on its taxis.

As at the Latest Practicable Date, to the best knowledge and belief of our Directors, this taxi management company customer in Hong Kong operated a business unit of a fleet of nearly 100 taxis, all of which were equipped with wheelchair ramp and wheelchair seating. Such fleet of taxis not only enhance the accessibility of disabled and elderly, but also introduce multi-functionality which included credit card payment, wifi connection and universal serial bus (USB) charging ports in order to deliver value-added service to meet the various needs of different types of passengers and enhance the experience of the journey of the passengers. Although such taxis can be reserved by prior appointment with an extra fee, such taxis may also be hailed on the street to serve the general public so that the general passengers can enjoy such

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value-added service without extra cost. Our Directors consider that following the competition from Uber and the launch of taxi appointment mobile applications in Hong Kong and the PRC, the demand from general public for high quality taxi services starts to emerge. Although the market share of this taxi management company may not be significant in the taxi industry in Hong Kong, by delivering such value-added services on their taxis, this taxi management company is an example of a pioneer in the promotion of credit card payments and other value-added services in the taxi industry so as to enhance the quality of service of taxis for the general public, and it may inspire more taxi management companies and/or taxi drivers to re-consider the benefits of enhancing quality of services of taxis to both the industry and to themselves in the long run. Our Directors are of the view that there is foreseeable market demand of electronic payment solutions for the majority of taxis in Hong Kong which currently do not accept electronic payment. Upon Listing, our business development team will approach taxi management companies and organisations representing taxi owners to promote the merits of accepting credit card and debit card payments in taxis. We plan 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. We also plan to devote more resources to lobbying relevant Hong Kong governmental departments to explore regulating the introduction of electronic payment in taxi and other public transport as part of Hong Kong's "smart city" vision.

Food and beverages service providers

According to Frost & Sullivan, in 2015, there were approximately 16,600 food and beverages service providers in Hong Kong, of which approximately 11,800 of them were using EFT-POS terminals and approximately 4,800 of them were currently not using EFT-POS terminals. The large majority of EFT-POS terminals at food and beverage service providers are desktop terminals placed next to cashier, which require its staff to bring the payment card to the EFT-POS terminal to process the card payment. Whereas in other developed countries, wireless EFT-POS terminals or "pay at table" devices have been adopted to increase card security and efficiency for the cardholder, as the card will remain within the control of the cardholder at all time and they will be able to make their payment at their table. Therefore, if the food and beverage service providers which currently do not accept credit cards or debit cards choose to use EFT-POS terminals, or the food and beverage service providers which are currently using EFT-POS terminals choose to use wireless EFT-POS terminals or "pay at table" devices; the market size of the industry will be increased accordingly.

We have developed software which allows for tips to be added during debit card payment transactions, which has successfully passed the electronic payment standards acceptance certification for debit card payments. Such software was developed for the Verifone VX690 model of EFT-POS terminals, which is a wireless and 3G enabled device, and will be, to the best knowledge and belief of our Directors, suitable for use in retail or service industries such as food and beverages service providers so that consumers can now freely pay a tipping fee whilst using debit card payments, whereas to the best knowledge and belief of our Director, such tipping function was not previously available and used widely in the market.

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We plan to expand our coverage of a greater range of EFT-POS terminals including “pay at table” devices so as to bring to market a wider selection of EFT-POS terminals of varying budgets and functionality that accommodate the different needs of food and beverages service providers. Our new business development staff will then be able to promote a wider selection of EFT-POS terminals to (i) casual dining food and beverages service providers who do not currently accept card payments; (ii) food and beverages service providers who may currently accept card payment but may benefit from features provided by wireless EFT-POS terminals on “pay at table” devices for increased efficiency and customer satisfaction; and (iii) acquirers in Hong Kong with the intention that they can in turn promote a wider selection of EFT-POS terminals to food and beverages service providers which currently do not use EFT-POS terminals due to space or functionality concerns. We also plan for our new business development staff to approach the chain-store food and beverages service providers to promote the benefits of “pay at table” devices, including better consumer experience such as saving waiting times and increased efficiency and card security for consumers.

Public car parking meters

According to Frost & Sullivan, there were about 9,800 parking meters installed at about 18,000 on-street parking spaces in Hong Kong in 2016. These parking meters mainly accept Octopus payments which must be physically cleared one by one to collect data of parking fees by hand, which is time consuming and inefficient. We believe that by introducing card payment technologies to car parking, cost reductions and efficiencies could be achieved. End-users will enjoy a variety of payment methods in line with the common practices of developed countries, and payments will be recorded in the system automatically negating the need for physical collection. In 2014, the Transport Department of Hong Kong commenced inviting public tenders for a New Parking Meter System Trial Scheme (the “Trial Scheme”) to introduce a new generation of parking meters with new features and functions to include among others wireless transaction reporting and acceptance of contactless smart card payment such as Visa payWave, MasterCard Contactless and UnionPay QuickPass payment functions. Two public tender contracts for the Trial Scheme were awarded in June 2015 and March 2016 respectively, with nine month public trials of the new parking meter systems for approximately 40 parking meters (covering around 120 parking spaces in total) having commenced in the fourth quarter of 2016. Whilst we are not currently involved in the Trial Scheme, our Group had previously considered in 2014 whether to cooperate with a major payment processor in Hong Kong in tendering for the Trial Scheme. However, having considered the relatively long duration of the project, the participation of which would withhold our resources for a lengthy period, as well as the then resources required for existing projects, we did not commit to participate in the Trial Scheme at that time. Notwithstanding that we are not currently involved in the Trial Scheme, our Directors consider that the launch of the new parking meter scheme indicates that the Hong Kong government intends to make efforts to introduce acceptance of card payments to all the public car parking meters in Hong Kong, which will naturally create a considerable market size for our Group to capture.

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According to the tender requirement for the Trial Scheme by the Transport Department, a successful tenderer will be required to undertake, among others, (a) provision of new parking meter system including parking meters and backend computer system with the function of wireless connection for transmission of data and payment-by-phone platform; (b) management and operation of the new parking meter system; (c) retrieval, management, operation and maintenance of the data from the parking meters with wireless connection transmission, backend computer system and software; and (d) provision of hotline enquiry service for operational and maintenance matters of installed meters according to the services standards stated by Transport Department. We consider that the scope of the services set out in the above tender matches with our principal business and we are eligible to provide the aforesaid services if the Trial Scheme materialises by leveraging on our knowledge and expertise in provision of electronic payment solutions in Hong Kong. Given (i) we are the value added partner of Verifone and Supplier B and we maintain well-established relationship with certain leading EFT-POS terminals manufacturers in the world; (ii) our ability to offer EFT-POS equipment specification testing and electronic payment standards acceptance certification solutions; and (iii) through our years of operating experience, we have developed capabilities in these markets which allow us to provide tailor-made solutions to meet our customers' specific requirements and build close relationship with them, we believe we can source suitable EFT-POS devices for multi-functional parking meters and provide newly developed parking meter system including parking meters and backend computer system with the functions which can satisfy or even exceed the requirements for the Trial Scheme by the Transport Department so as to provide an innovative and convenient new parking system to the public. Upon Listing, with additional funds to expand our information technology and business development workforce, our Directors consider that our Group can capture the opportunities in the following ways: (i) the Trial Scheme is limited to 40 parking meters (covering around 120 parking spaces in total). We believe that such scheme may be extended to all 9,800 parking meters in Hong Kong after the Trial Scheme. Our Group can on our own or as part of a consortium with acquirers or other software solution services providers tender for the remaining service contracts; (ii) the two contractors awarded the projects of the Trial Scheme is principally engaged in (a) market expansion services which helps other companies and brands grow their business in new or existing markets; and (b) smartcard solutions and services, respectively, our business development team can approach or cooperate with these contractors to provide suitable EFT-POS terminals and peripheral devices sourcing and EFT-POS System Support Service for the parking meters; and (iii) we can supply suitable EFT-POS terminals and peripheral devices and EFT-POS System Support Service directly to these contractors. In fact, our Directors are of the view that there are further opportunities to promote the acceptance of card payment to other public services, such as equipping traffic wardens with mobile EFT-POS devices to process on-spot fines, introducing EFT-POS terminals to government offices to accept credit card payment for government fees etc.

Acquiring host software service

According to Frost & Sullivan, our Group is the market leader in the EFT-POS solution provider industry. However, along the electronic payment industry value chain, there are other niche markets that our Group could compete with the existing market players, such as acquiring host technologies required by acquirers and merchants. Electronic payment transaction reports

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are generally generated and sent by fax or by post, by the acquirers to the merchants which leads to time lag from time of payment transaction and the merchants would not be able to conduct real-time analysis. Contrary to the existing non-real time data system, we believe we can explore the opportunity to develop real-time or near real-time reporting of payment transactions to acquirers or merchants. We may leverage our experience in the Hong Kong electronic payment industry to develop “acquiring host” software that is tailored specifically for each local acquirer’s and merchant’s needs. Whilst a limited number of international players offer licensing of “acquiring host” software at great expense to local acquirers, such software may not fully satisfy the local acquirers’ needs and they may not receive adequate and timely software system support or upgrade due to advances in technology. Further, software development and maintenance of “acquiring host” software may not be cost-effective to acquirers given the ongoing dedication of resources, manpower and time, which may be subject to delays and factors out of the acquirer’s control. Acquirers are usually licensed banks in Hong Kong which are generally not engaged in software programming and they may not be willing to invest resources in setting up and maintaining their own software team for “acquiring host” software and perform ongoing maintenance and upgrade. Given the practice and trend of acquirers to streamline their organisational structure and outsource their non-core functions, it is common and more cost-effective and flexible for them to outsource such function to third party service providers who will be able to deliver the “acquiring host” software and continual updates in a timely and controlled manner according to acquirers’ requirements and key performance indices and the latest market development. Moreover, other than the direct labour cost of developing and ongoing maintenance of the acquiring host software, the acquirers will also require to devote incidental cost and resources, such as human resources and recruitment costs, training costs, administrative and compliance costs etc., which are more costly as compared to outsourcing such function to third party service providers. Outsourcing of non-core functions by the acquirers can also reduce the management burden and allow the acquirers to focus on their core businesses. Therefore, we consider that there is a ready market for “acquiring host” software for acquirers and merchants in Hong Kong.

We plan to leverage 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 solutions in the past years to develop a secure real-time transaction data gathering system or “acquiring host” software to acquirers and merchants and our business development team will market this product and software maintenance services to the acquirers and its merchant equivalent to larger merchants.

As part of our EFT-POS System Support Service, we provide specification testing and electronic payment standards acceptance certification solutions. In order to effect electronic payment through a EFT-POS terminal, a software for the EFT-POS terminal must be developed based on its equipment specification that can pass the electronic payment standards acceptance certification of a particular acquirer and is compatible with the acquirer’s system and any existing “acquiring host” software. The function of “acquiring host” software is to collect and record secured transaction data from a large number of EFT-POS terminals and transmit the relevant data to the card association for payment authentication. EFT-POS electronic payment standards applications governs how a given EFT-POS terminal communicates with the

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“acquiring host” software of the acquirer during a payment transaction. In order to obtain the electronic payment standards acceptance certification, software developers of such applications need to possess clear understanding of how electronic payment transactions are conducted from start to finish as well as extensive knowledge of the functions of the particular EFT-POS terminal and the specifications and particular features and requirements of a particular “acquiring host” software so that the relevant transaction data can be securely transmitted from the EFT-POS terminals to the “acquiring host” software and accurately record in the “acquiring host” software. Our information technology team therefore possesses the relevant knowledge on the functions and algorithm of a “acquiring host” software and how transaction data is carried from the EFT-POS terminal to the acquirer system and the security requirements in the electronic payment transactions. Further, similar to the applications we developed using programming language “C” for EFT-POS terminals for the purpose of obtaining electronic payment standards acceptance certification, the “acquiring host” software also uses the programming language “C”, in which our information technology team has extensive knowledge and experience. During the Track Record Period, we have conducted a project with a merchant to develop a software with similar function as “acquiring host” software, which allow the merchant to Capture real-time information of all transaction data and produce real-time transaction reports. Such function is of a similar nature to the “acquiring host” software, which aim to Capture transaction data carried from a EFT-POS terminal and generate transaction reports. In view of the above, our Directors consider that we possess the relevant experience and expertise in developing our “acquiring host” software and marketing this product to acquirers.

With “acquiring host” software development capabilities, after Listing, our business development team will approach local acquirers and merchants to assess their individual needs and requirements with an aim to provide customised “acquiring host” software that fits the needs of acquirers and merchants on a continual basis. We plan to initially promote our “acquiring host” software development capabilities to smaller local acquirers in order build up our track record and reputation in developing such softwares. By leveraging on our previous experience to develop the software with the merchant, we will also promote such software to other merchants. We believe that opportunities in this niche market would grow naturally once our track record reputation is established.

In view of the above, we see there is a substantial market potential to expand and diversify our business offering by bringing new EFT-POS solutions in Hong Kong. Our objective is to popularise the application of electronic payment in every aspect of daily life in Hong Kong. As a market leader in the EFT-POS solution provider industry in Hong Kong, we believe our past experience, software capability and creativity can add value to the development of the electronic payment market and make our objective possible. In order to achieve the above objective, we require adequate resources in terms of capital and expertise; high industry reputation in order to capture such market opportunities and to participate in governmental or corporate project of substantial size. Our Directors consider that the Listing can not only raise our reputation and credibility to participate in a wider range and larger scale electronic payment solution project, but also can raise fund from the Share Offer for future expansion and enhance the capability in both debt and equity financing for future expansion of our business.

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We plan to expand and diversify our business offering, and with a view to further evolving into a comprehensive EFT-POS solution provider, capture market opportunities and expand our customer base, we intend to adopt initiatives to (i) expand our information technology workforce to bring higher numbers of advanced EFT-POS terminal models to market within a shorter time frame; (ii) expand our information technology workforce cater for the development of the acquiring host software service; (iii) expand our business development workforce to broaden our customer base; (iv) enhance our information technology and network system to cope with the increased headcount; and (v) improve lease property to accommodate new headcount.

(i) Expand our information technology workforce for total EFT-POS solutions

We believe that part of our success is greatly attributable to our ability to designate, develop, motivate and retain our talented and professional workforce. We plan to further strengthen our information technology workforce by engaging a team of up to seventeen members by 30 September 2019 so as to greatly expand our specification testing, electronic payment standards acceptance certification solutions and software development capability to cater for the potential market opportunities as described above.

Our information technology workforce currently consists of five staff led by Mr. Chan Wai To, our chief information officer. From our experience, each member of our current information technology workforce has the ability to develop electronic payment standards applications or software covering two to three brands of EFT-POS terminals depending on their experience, however, at full utilisation, each member of our information technology workforce may only be able to develop software for one model at any one time, under the supervision of Mr. Chan Wai To. Therefore, our current information technology workforce has capacity to develop electronic payment standards applications and software for only four different models of EFT-POS terminal at any one time. Given that (i) we are currently cooperating with several brands including Brand A, Verifone and Castles; (ii) each brand will normally release several new advanced models each time; and (iii) each staff at full utilisation normally takes six to nine months to complete the electronic payment standard acceptance certification for one model, our existing information technology workforce is not sufficient to bring to market a sufficient variety of the anticipated increase in number of advanced EFT-POS terminal models within a satisfactory timeframe.

By tripling our information technology workforce, we anticipate that we will be able to dedicate staff to develop software and conduct specification testing on specific EFT-POS brands and/or types of EFT-POS terminal types or functions, which will enable us to (i) triple the number of EFT-POS terminal models we could conduct specification testing and electronic payment standards acceptance certification solutions from current capacity of four to potentially twelve; (ii) shorten the time to bring those models to market from the usual six or nine months to approximately three months; and (iii) enhance our software solution services capabilities.

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By bringing to market an increased number of EFT-POS terminal models within a shorter time-frame, we will be able to offer our customers or potential customers a variety of products with different functions prior to the launch of similar products by our competitors and thus create more opportunities to capture EFT-POS sourcing and EFT-POS System Support Service business from them, which can improve our Group's revenue and profitability and potentially capture market share from our competitors.

Therefore, in order to capture the anticipated surge in advanced EFT-POS terminal models being released by EFT-POS terminal manufacturers in the near future, we believe that there is a need to expand our information technology workforce from time to time by 30 September 2019 to meet our strategic goal enhancing our software capability to cover more models of EFT-POS terminal in addition to our existing capability; as well as to generate higher project turnover and efficiency as our workforce will be able to dedicate specific staff to EFT-POS terminal brands and/or EFT-POS terminal types.

Any spare capacity in our expanded workforce will also be utilised in their participation in other electronic payment projects such as software development for EFT-POS devices compatible with new payment technology such as Apple Pay, and develop electronic payment modules for card payment at vending machines and public car parking meters etc. We believe the expansion of our information technology workforce will enable us to digitise and revolutionise payment transactions in different business sectors in Hong Kong and to create new business stream which can expand our revenue base and profitability.

(ii) Expand our information technology workforce for acquiring host software service

During the past years, we dedicated our resources to develop the EFT-POS related software markets, and offered software solution services such as ERM software for our customers, which streamlined data gathering and enhanced the payment process and operation flow of our customers. Benefiting from our industry experience, we believe there is a market opportunity for a local company with established relationship with acquirers and merchants and familiarity with the software programming in the electronic payment industry in Hong Kong like us to develop and provide system support services for the upstream market, i.e. the "acquiring host" software for acquirers and its merchant equivalent to merchants. Electronic payment transaction reports are generally generated and sent by fax or by post, by the acquirers to the merchants which leads to time lag from time of payment transaction. Contrary to the existing non-real time data system, we believe we can explore the opportunity to develop real-time or near real-time reporting of payment transactions to acquirers or merchants. Whilst there are a limited number of international players offer licensing of "acquiring host" software at great expense, we believe that our local industry knowledge and service offering gives us an edge over such international players.

We plan to leverage 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 solutions in the

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past years to develop a secure real-time transaction data gathering system or “acquiring host” software, which require an additional team of information technology professionals to develop this software and be responsible for the ongoing maintenance and upgrading of this software. Notwithstanding we believe our workforce possesses the requisite experience and expertise in developing software solutions, in particular “acquiring host” software, we plan to initially promote our “acquiring host” software development capabilities to smaller local acquirers in order build up our track record and reputation in developing such software. By leveraging on our previous experience to develop the software with the merchant, we will also promote such software to other merchants. We believe that opportunities in this niche market would grow naturally once our track record reputation is established. We plan to create a specific information technology workforce of up to ten members from time to time by 30 September 2019 to develop and provide system support service for the “acquiring host” software.

We believe that by offering expanded services, we will be able to increase our revenue streams in future.

(iii) Expand our business development workforce

In view of the aforesaid market opportunities, and our dedication to expand our information and technology workforce to develop various electronic payment solutions to our customers, we require expanded sales and marketing capability to cope with the substantial business opportunities.

Historically, we relied on our chief executive officer Mr. Lo, to carry on the sales and marketing functions. Upon the Listing, we plan to expand our business development team by adding up to twelve staff from time to time by 30 September 2019 to assist to promote and market the anticipated surge in advanced EFT-POS terminal models and our electronic payment solution to our target customers in the near future. In the past, acquirers introduced the models of EFT-POS terminals with functions satisfying the basic or narrower-extent needs of the merchants to them. By expanding the size of our business development team, we believe we will be able to devote a greater amount of time to bring the advanced EFT-POS terminal models to market and take an active role to promote the advanced EFT-POS terminal models among acquirers as well as directly promote models with more functions to retail merchants to understand and satisfy various needs as the ultimate users of those terminals. By expanding our business development team, we would devote more resources to strengthen our customer relationships with acquirers and merchants through focused marketing efforts. During the Track Record Period, we helped to introduce EFT-POS terminals to a certain number of taxis in Hong Kong after expending efforts to promote our solutions to a taxi management company in Hong Kong and we have developed software which allows for tips to be added during debit card payment transactions for the Verifone VX690 model of EFT-POS terminals, which is a wireless and 3G enabled device, and will be, to the best knowledge and belief of our Directors, suitable for use in retail or service industries such as food and beverage service providers as a “pay at table” device so that consumers can now freely pay a tipping fee

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whilst using debit card payments, whereas to the best knowledge and belief of our Directors, such tipping function was not previously available and used widely in the market. Our business development personnel will continue to explore market opportunities, including but not limited to taxi, food and beverages service providers, public car parking and acquiring host software, by ways as mentioned in the sub-section headed “Our Strategies – Expand and diversify our business offering – Market opportunities” in this prospectus.

We also plan to increase participation in industry exhibitions and trade associations so as to raise public awareness of our presence and promotion of our specialised industry knowledge among the players in the electronic payment industry, as well as for the purpose of keeping abreast of industry developments and market trends.

(iv) Enhance our information technology and network system

Our Directors believe that further enhancement of our information technology infrastructure is essential to the successful development of our software solution services. In this regard, we plan to install further servers and we require hardware, including computers to cope with the anticipated increases in staff numbers.

(v) Improve lease property

Our Directors believe that our current leased properties are adequate for the current staff numbers, however, we anticipate that further improvements and/or rental of additional office premises may be required to accommodate the anticipated increases in staff numbers.

Selectively pursue strategic acquisitions and partnerships

We aim to expand our business through organic growth and suitable strategic acquisitions and partnerships. In order to expand our business operations and customer base, we intend to selectively acquire or enter into strategic partnerships with complementary businesses or software developers to explore opportunities in the value chain and expand our product range. Specifically, potential targets will be selected based on the size, locality and industry, with particular priority given to (i) EFT-POS solution providers who offer similar EFT-POS services as us, the acquisition of which would give us greater market share or customer base; (ii) retail point of sale software developers who develop software for retail merchants to be used at point of sale terminals, which would expand our business operations and provide synergies to our software solution services by providing downstream integration in the value chain; or (iii) software developer companies that have a decent track record in recent years of successful operation and employ between 10-15 programmers, with capabilities in programming languages such as “C++”, java or Android, as we believe it will enhance our software development capability enabling us to rapidly increase our service offer which can improve our Group’s revenue and profitability and capture future market growth.

By pursuing strategic acquisitions with EFT-POS solution providers who offer similar EFT-POS services as our Group, we will directly capture the market share of and customer base from that competitor. According to Frost & Sullivan, it is expected that the maximum market

BUSINESS

share to be captured from such acquisition will be equivalent to the market share of approximately 5,200 units in terms of number of EFT-POS terminals and peripheral devices, or revenue of approximately HK\$2.4 million, provided with system support services in Hong Kong by EFT-POS solution providers other than our Group and Competitor A.

Some EFT-POS terminals currently on the market are designed to be coupled with mobile handheld devices to become an all-in-one POS and EFT-POS solution. Our Directors are of the view that there will be an increasing trend for such hybrid or all-in-one devices that take advantage of the processing power and portability of such handheld devices. By pursuing strategic acquisitions with retail point of sale software developers, we expect to create synergies in downward integration in the value chain, which according to Frost & Sullivan is expected to see growth as point of sale terminals become digitised coupled with further integration with EFT-POS terminals and peripheral devices. Further, according to Frost & Sullivan, with the proliferation of mobile devices in recent years, the integration of mobile handheld devices with point of sale terminals and EFT-POS terminals is expected to see rapid growth, therefore pursuing strategic acquisitions with software developers that have capabilities in programming languages such as “C++”, java or Android, will enhance the software capability of our Group to capture such growth.

Given that our Group has not identified any specific suitable target for acquisition, different target companies can have substantial variance in revenue, profitability and market share; and it is not feasible to quantify the standalone expected increase in our revenue, profitability and market share at this stage. Upon Listing, we will comply with the requirements of the GEM Listing Rules in the event such merger and acquisition opportunities materialise.

Given that there are relatively few players in the market in which we operate, we plan to identify potential targets through our internal research and referral by our business partners, with a focus on those which are sustainable and complementary to our business and in line with our business strategies and have a valuation not exceeding approximately HK\$8.1 million, which represents the portion of net proceeds from the issue of New Shares under the Share Offer allocated for this purpose.

Through such strategic acquisitions and/or partnerships, we aim to (i) enhance our capabilities and capacity; (ii) increase efficiencies and achieve economies of scale; and (iii) attract new suppliers/customers, which can expand our Group’s services, improve our revenue and profitability and capture additional market share in future. As at the Latest Practicable Date, we had not identified any specific suitable target for acquisition.

FUTURE PLANS

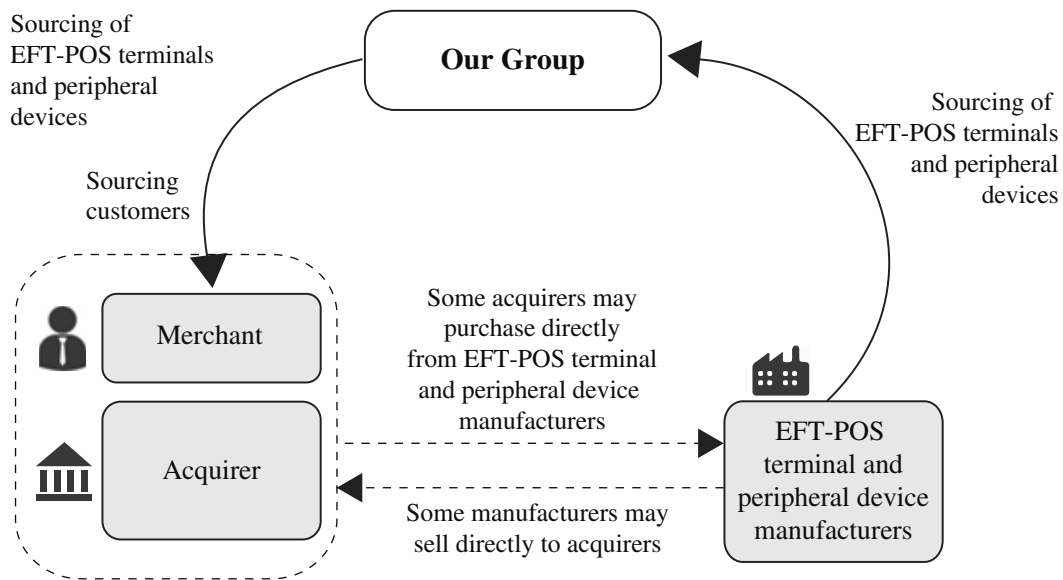
Please refer to the section headed “Statement of business objectives and use of proceeds” in this prospectus for a detailed description of our future plans.

PRODUCTS AND SERVICES

We provide total EFT-POS solutions to our customers, comprising (i) sourcing of EFT-POS terminals and peripheral devices and (ii) EFT-POS System Support Service including developing software that complies with electronic payment standards acceptance certification, installation, ongoing maintenance, repair and other related services of EFT-POS terminals. We also provide software solution services. Details of each services are discussed below:

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

We provide sourcing of EFT-POS terminals and peripheral devices to acquirers as well as merchants, and we add value by offering EFT-POS System Support Service including installation, specification testing and electronic payment standards acceptance certification solutions, maintenance, collection, repair and other related services of EFT-POS terminals (details of which are set out in paragraph (ii) below). Our service function is illustrated in the flowchart below:



We are the value added partner of Verifone and Supplier B and we are the distributor of Castles.

Our experience in the electronic payment industry and our well-established business relationships with EFT-POS terminal and peripheral device manufacturers exposes us to the developments and trends in electronic payment solutions. Based on our industry experience, we are able to recommend and/or source the suitable EFT-POS terminal and peripheral device from manufacturers meeting the requirements of our customers, namely the merchants or acquirers.

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During the Track Record Period, we have mainly marketed and sourced the following models of EFT-POS terminals for our customers:

Name of suppliers	Brands	Model number	Specifications of the model
<u>Supplier B</u>	<u>Brand A</u>	iSMP350	Payment device compatible with iPod touch, iPhone 4 & 4S, iOS interface, integrating with a high end 1D/2D barcode reader with Bluetooth connectivity, EMV L1/L2/PBOC 2.0 approved, PCI 3.x.
		iSMP 6-port cradle	Base charger support maximum of 6 units iSMP350.
	<u>Landi</u>	E520	Payment device, CounterTop, support sprocket print, pinpad portable and return to base charger communication. Colour screen, contactless support, EMV L1/L2/PBOC 3.0 approved, PCI 3.x.
		E550	Payment device, portable mobile, support 2G/3G, Colour Screen, EMV L1/L2/PBOC 3.0 approved, PCI 3.x.
		A8	Payment device, portable mobile, support 4G/3G/wifi, Android 5.X operating system, EMV L1/L2/PBOC 3.0 approved, PCI 4.x.
<u>Verifone</u>	<u>Verifone</u>	Vx520 IP	Payment device, CounterTop, support dialup, Ethernet, EMV L1/L2/PBOC 2.0 approved, PCI 3.x.
		Vx520 GPRS	Payment device, CounterTop, with battery, support dialup, GPRS communication, EMV L1/L2/PBOC 2.0 approved, PCI 3.x.

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Name of suppliers	Brands	Model number	Specifications of the model
		Vx675	Payment device, Portable mobile, with battery, colour screen, support 3G communication, EMV L1/L2/PBOC 2.0 approved, PCI PTS 3.0.
		Vx680 BT/Wifi	Payment device, Portable mobile, with battery, colour with touch screen support Ethernet, Bluetooth, Ethernet, PCI PED 2.0, PCI PTS3.0.
		Vx680 3G	Payment device, Portable mobile, with Battery, colour with touch screen support, support 3G communication, Bluetooth, PCI PTS3.0.
		Vx820 Duet	Payment device, CounterTop, pinpad unit connect to base via direct cable, colour with touch screen support, support 3G communication, Bluetooth, support dialup, Ethernet, PCI PED 2.0, PCI PTS3.0.
<u>PAX</u>	<u>PAX</u>	S60	Payment device, CounterTop, pinpad unit communication to base via infrared, support dialup, PCI PED 2.1, PCI PTS3.0.
<u>Castles</u>	<u>Castles</u>	V3 CounterTop	Payment device, CounterTop, (colour with/without touch screen support), PCI PTS 3.x.
		V3 Mobile	Payment device, portable mobile, support 3G, (colour with touch screen support), PCI PTS 3.x.

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We only place purchase orders with the manufacturers once our customers confirm their orders for the relevant EFT-POS terminal or peripheral device to minimise our inventory risk. We price the EFT-POS terminals and peripheral devices on a cost plus basis and taking into account the cost of the product, cost of developing software solutions, cost of delivery etc. For details of our pricing policy, please refer to the sub-section headed “Business – Customers – Pricing policy and payment terms” in this prospectus.

Our usual sourcing workflow can be summarised below:

Pre-order stage:

1. Our customer approaches us for a specific EFT-POS terminal or peripheral device or may request our assistance to recommend a particular model or to source a specific peripheral device to serve their needs. Depending on the market developments and trends, we will recommend certain EFT-POS terminals and peripheral devices. If specific models or peripheral devices are requested, we will obtain relevant quotes of the models selected by our customers from respective EFT-POS terminal and peripheral device manufacturer.
2. We will send our sales quotation to the customer after adding our margin.

Order stage:

3. Our customer will place the order by returning the signed sales quotation with our standard terms together with payment of a deposit which is required on a case by case basis. We usually invoice a deposit or fully payment if the order is from an overseas customer or if the relevant manufacturer requires deposit or full payment.
4. Upon receipt of the signed sales quotation and deposit payment (if any), we will place our purchase order with the relevant manufacturer according to their standard terms and conditions.
5. When the products are ready for delivery, the relevant manufacturer will issue their invoice to us and then they will arrange delivery to us. Typically we are required to arrange shipping from their factory at our risk and cost.

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Delivery and invoicing stage:

6. We will issue the invoice to the customer to be settled by them according to our payment terms.
7. We will liaise with the customer in relation to the delivery to them. If the EFT-POS terminals are planned to be deployed in Hong Kong, the customer will normally acknowledge receipt of products after the products arrive our warehouse. If shipping destination is overseas, we may assist customer to arrange shipping at the risk and cost of the customer.

The lead time from issuing sales quotation to our customers to receiving the EFT-POS terminal by our customers is approximately two to four months.

Our customers may reserve a portion of the available EFT-POS terminals they purchased from us as available stock for replacement of faulty terminals from time to time. We typically store the available stock of our customers' EFT-POS terminals at our warehouse and repair centre as part of our EFT-POS System Support Service. We consider this necessary to facilitate our Group to provide EFT-POS System Support Service to our customers. Title in such inventory belongs to our respective customers. We maintain insurance to cover risk of loss and damage in the customers' available stock stored by us. For further information, please refer to the sub-section headed "Risk factors – Risks relating to our business – We have limited insurance coverage and it may be inadequate to cover all risks of loss associated with our business operations, in particular the significant levels of inventories stored at our warehouse, which belong to our customers." in this prospectus. We will send periodic service and inventory reports to our customers for their record keeping and reconciliation purposes.

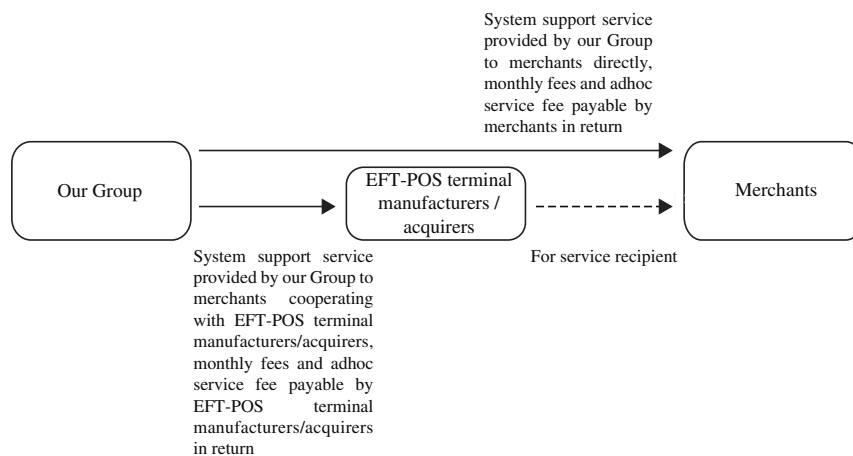
We do not manufacture any products and we are not subject to risks in product life cycle nor are we affected by seasonality.

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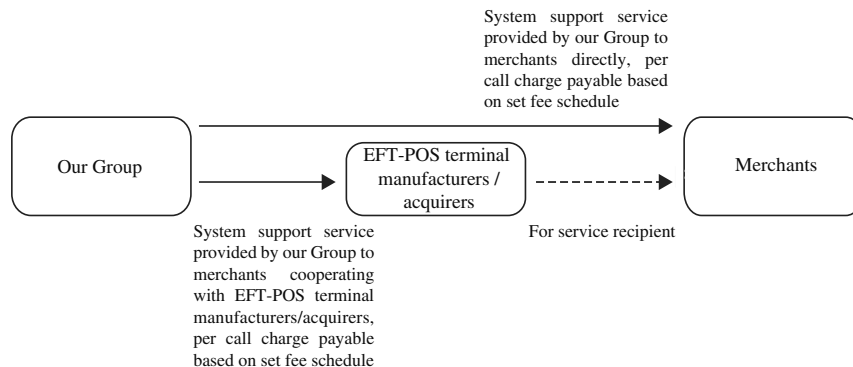
(ii) EFT-POS System Support Service

We work closely with EFT-POS terminal manufacturers and acquirers to provide specialised one-stop value-added EFT-POS System Support Service to merchants who use their EFT-POS terminals, under the service arrangements. On some occasions, we also directly enter into service arrangements with merchants to provide EFT-POS System Support Service to them. Our EFT-POS System Support Service can be delineated into two: (i) full maintenance offered throughout the year on a 24 hour basis or during set service hours for a fixed monthly fee with adhoc service fees payable for certain of our service or urgent services; and (ii) non-full maintenance charged to customers on a set fee schedule on a per call basis. As at 31 July 2016, our EFT-POS System Support Service covered approximately 47,000 EFT-POS terminals, among which approximately 34,000 EFT-POS terminals were under our full maintenance EFT-POS System Support Service. These service functions are illustrated in the flowchart below:

Full maintenance



Non-full maintenance



We have arrangements with EFT-POS terminal manufacturers, acquirers and merchants, pursuant to which we offer EFT-POS System Support Service including installation, specification testing and electronic payment standards acceptance certification solutions,

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maintenance, collection, repair and other related services of EFT-POS terminals deployed at merchants. For details of the terms of the service arrangements, please refer to the paragraphs headed “Service arrangements for EFT-POS System Support Service with EFT-POS terminal manufacturers” and “Maintenance service agreements for EFT-POS System Support Service with acquirers and merchants” in the sub-section headed “Business – Customers – Major terms and conditions of service arrangement with customers” in this prospectus.

Specification testing and electronic payment standards acceptance certification solutions

Each EFT-POS terminal must link with an acquirer, each of which has its own specific electronic payment standard. In order to effect electronic payment through an EFT-POS terminal, a software developed based on the equipment specification of a particular model of EFT-POS device that has passed the electronic payment standards acceptance certification of a particular acquirer, must be installed on the EFT-POS terminal.

As part of the EFT-POS System Support Service, we develop customised software before deployment based on the specification of a particular model of EFT-POS that can comply with electronic payment standards acceptance certification. The development of EFT-POS software is undertaken by our information technology team. We on one hand obtain the SDK of the particular EFT-POS terminal model from the EFT-POS terminal manufacturer and, on the other hand, obtain the electronic payment standards from the particular acquirer. We then develop the EFT-POS device software in “C” (a type of programming language).

We simulate various circumstance prescribed under the specialised testing kits and testing scripts during the testing process in order to ensure that the software responds in accordance with our prescribed program design.

We submit certain EFT-POS terminals with our completed software installed to the acquirer for acceptance certification. The acquirer may raise several rounds of queries on the software. Once we address the queries from the acquirer, the acquirer shall issue the certification test results to confirm that our software complies with electronic payment standards acceptance certification.

Installation service

After we have completed the electronic payment standards acceptance certification, we will liaise with our customers the deployment plan of the EFT-POS terminals to the designated locations. We will undergo final testing of the EFT-POS terminals before deployment.

Our engineers are responsible for installation of EFT-POS terminals on-site. On-site testing will be conducted to ensure the EFT-POS terminal can function. Our engineers will also offer merchant basic training on the use of the EFT-POS terminals after the installation directly to the merchants.

Repair and maintenance service

We provide 24/7 hotline services for repair and maintenance of EFT-POS terminals. Our operation department (comprising our customer service and technical support departments) is responsible for our system support service. Hotline requests are dealt with under the following procedures:



Tier 1 Hotline

Merchant will directly call our hotline or send email to our customer service department. Details of the terminal ID and merchant ID will be enquired to identify the subject EFT-POS terminal. A pre-determined script based on the terminal type will be run through to attempt to troubleshoot the error. If resolved, the error will be recorded as “completed by phone” (“CBP”), otherwise details of the merchant/acquirer and the error will be recorded on the system and escalated to Tier 2.

Tier 2 Customer service

Employee from our customer service team will call back the merchant of the first call to re-attempt troubleshooting the error. If resolved, the error will be recorded as CBP, otherwise the error is escalated to Tier 3 and an on-site job order is generated with details of the merchant/acquirer and the error.

Tier 3 Technical support

The on-site job order will be passed on to our technical support team. An EFT-POS terminal will be taken from the customer’s available stock and loaded with the required applications, functions and payment standards.

The engineer will visit the customer or merchant. He will inspect and try to fix the faulty terminal. If failed, he will replace the faulty terminal with a terminal from the customer’s available stock. The engineer will undertake testing of the terminal to ensure it functions properly.

The faulty terminal will be returned to our technical support team for diagnosis. Subject to the warranty terms and customers’ approval, the faulty EFT-POS terminal will be repaired and stocked into the customer’s available stock. Otherwise, the faulty terminal will not be repaired.

We invoice the customers maintaining arrangements with us for our EFT-POS System Support Service on a monthly basis. We invoice customers engaging us for adhoc EFT-POS System Support Service on a case-by-case basis.

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Since December 2014, we outsourced the Tier 1 call centre function to an Independent Third Party, incorporated in the PRC at RMB31,104 per month to reduce costs in our operations.

During the Track Record Period, approximately 23% of EFT-POS device errors experienced by merchants were resolved at Tier 1 and Tier 2 stages. For each of the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, our Tier 1 Hotline received approximately 43,630, 43,670 and 12,210 calls, respectively from merchants and acquirers, our Tier 2 Customer Service made approximately 33,200, 30,570 and 8,070 call backs, respectively, to merchants, and our engineers performed approximately 27,140, 27,100 and 6,240 on-site maintenance visits, respectively to merchants. For further details on our outsourcing, please refer to the sub-section headed “Business – Procurement, suppliers and inventory – Independent service providers” in this prospectus.

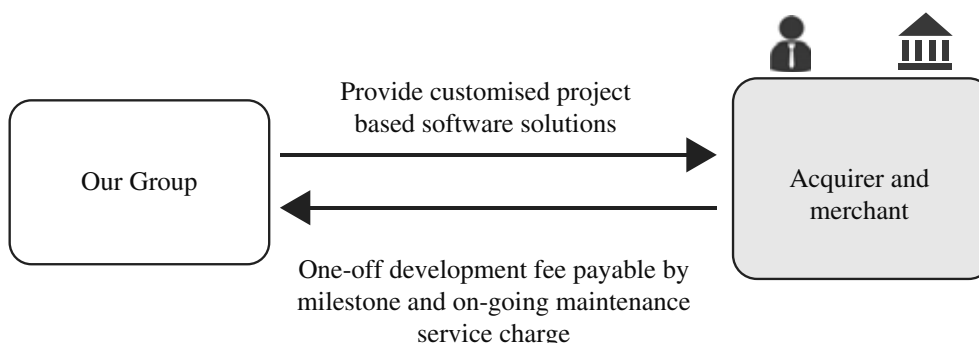
Other services

We also provide software upgrade in compliance with on-going changes in card scheme rules, and apply the payment standards and profile updates on request.

We also provide collection of EFT-POS terminals at the request of our customers. Our engineers will go to the merchant to collect the deployed EFT-POS terminals back to our warehouse, which may be re-deployed in other locations as designated by our customers or stored as the customer’s available stock.

(iii) Software solution services

By leveraging our established business relationships with acquirers and merchants through the on-going EFT-POS System Support Service and our strong software development capability, we observe our customers’ needs on software with specific functions to improve the overall operational efficiency, cost reduction and ease of management. We provide value-added software solution services by developing customised softwares on a project basis. Our service is illustrated in the flowchart below:



During the Track Record Period we derived revenue from customised project-based software solutions developed for merchants and acquirers. Our software solution services fees vary depending on (i) the complexity of the software; (ii) requirements of the customer; (iii) estimated staff and overhead costs; (iv) duration of the project; and (v) the intended operating platform, and are typically charged by milestone save where on-going software maintenance or service was required.

BUSINESS

During the Track Record Period, we have completed 12 software solution services projects to our customers, and as at the Latest Practicable Date we had three ongoing software solution services projects, which are expected to be delivered in December 2016, January 2017 and March 2017.

Our software solution services process typically involves several critical stages from inception and evaluation, development and programming and finally testing and pilot. The development cycle typically takes approximately four weeks to eleven months depending on the complexity of the software, the complexity of the user-interface or electronic payment standards application, requirements of the customer and the intended operating platform.

Set out below are the principal stages of our software solution services process:



Inception and evaluation

Typically, our business development team will negotiate with customers from time to time to understand their requirements and needs. Our business development team will then discuss our customer's requirements, needs and the project implementation schedule internally with the information technology team. There may be further communications with customers from time to time to understand their requirements and schedule.

Development and programming

At the development and programming stage, the information technology team will develop the customised software solution services based on the customer's requirements.

We will first design the programming specifications of the software solution services. We will then decide the programming to be applied in the software solution services. During the Track Record Period, all the programming that can be done in "C" (a type of programming language) were undertaken by our information technology team. We conduct continuous testing on the software during the process of development. We may outsource parts of the programming to third party service providers for coding in programming language not typically used in our business operations. For details, please refer to the sub-section headed "Business – Procurement, suppliers and inventory – Independent service providers – Independent programmers" in this prospectus.

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Testing and pilot

The testing and pilot stage would typically involve internal testing, external testing by the customer and small scale pilot prior to deployment.

Internal testing of the applications and software will be conducted by our information technology team to ensure the applications and software systems are operating in accordance with the specifications and requirements of our customer.

We simulate various circumstances prescribed under the specialised testing kits and testing scripts during internal testings and ensure that all our applications and software systems respond in accordance with our prescribed program design before internal testings can be passed.

External testing or user acceptance testing and system integration testing of the applications and software will be conducted by the customer to ensure that the applications and software systems meet its specifications and requirements.

The applications and software will undergo a small scale pilot in real-world situations before full scale deployment.

For further details on the qualifications and experience of our business development team, please refer to the sub-section headed “Business – Sales and marketing – Marketing strategies” in this prospectus. For further details on the qualifications and experience of our information technology team, please refer to the sub-section headed “Business – Information technology matters – Information technology team” in this prospectus.

SALES AND MARKETING

Our Group’s sourcing of EFT-POS terminals and peripheral devices services are provided to acquirers and merchant customers. Our Group’s EFT-POS System Support Service are generally provided either indirectly to merchants through service arrangements with our EFT-POS terminal manufacturers and acquirers or directly to merchants whilst our software solution services are generally provided to our merchant customers.

Marketing strategies

During the Track Record Period and as at the Latest Practicable Date, our business development function was mainly taken up by Mr. Lo, our Chairman, CEO and executive Director, who has over 19 years of working experience in the electronic payment industry. For further details of his biographical information, please refer to the section headed “Directors and senior management” in this prospectus. Mr. Lo is responsible for pitching to potential customers for new business opportunities and to maintain on-going relationships with existing customers.

Our marketing objectives include expanding our customers base, introducing additional or new products, services and software solution services to existing customers, and fostering our reputation and image in the electronic payment industry. We seek to achieve these objectives through a combination of pitching and limited industry related marketing events.

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We attract new customers mainly through referrals from our established customer and supplier bases. Therefore, maintaining on-going relationships with existing customers and suppliers is important in the development of our business. We maintain regular contact with the existing suppliers and customers in purpose of keeping abreast of their market needs and trends. Since our Group's EFT-POS System Support Service, sourcing of EFT-POS terminals and peripheral devices and software solution services usually require customisation to meet the specific requirements of each customer, we consider pitching the target customers to be the most cost effective strategies for promoting our services and solutions. We have attracted sixteen, six and one new customers for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively, generated revenue of approximately HK\$7.0 million, HK\$1.2 million and HK\$0.1 million, which accounted for respectively 20.0%, 2.5% and 0.5% of our total revenue, respectively.

Revenue from EFT-POS System Support Service is accounted for a significant portion of our total income. We will continue to adopt the following strategies to ensure the continuation of our service arrangements with existing customers: (i) maintaining on-going relationship with the existing customers; (ii) offering quality services; and (iii) continuing the development of software solution services to cope with the latest changes in the electronic payment industry. To a lesser extent, our Group participates in certain marketing activities such as industry conference. Our Directors believe that the quality of our services and solutions are keys to retain our customers, as well as securing new customers.

During the Track Record Period, given the size of operations and limited capital resources, we did not maintain a sizeable business development team or organise regular advertising activities, and we did not devote substantial resources towards marketing and advertising campaigns.

After Listing, we plan to apply part of the net proceeds from the issue of New Shares under the Share Offer to expand our business development team and increase participation in industry exhibitions and trade associations. For details, please refer to the sub-section headed "Business – Our strategies – Expand and diversify our business offering – (iii) Expand our business development workforce" in this prospectus.

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CUSTOMERS

Our Group's services and solutions are mainly targeted at EFT-POS terminal manufacturers, acquirers and merchants, with business carried on in Hong Kong. Our customers of our sourcing segment mainly include acquirers and merchants, EFT-POS System Support Service mainly include EFT-POS terminal manufacturers, acquirers and merchants, and software solution services mainly include acquirers and merchants.

Over the years, we have developed an established customer base with leading EFT-POS terminal manufacturers, reputable acquirers and renowned merchants in Hong Kong. We had 33, 33 and 26 customers for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively. Movement in the number of our customers between the year ended 31 March 2016 and four months ended 31 July 2016 was mainly due to the decrease in the customers who engaged us for adhoc EFT-POS System Support Service, most of whom generating less than 0.1% of our total revenue year ended 31 March 2016. During the Track Record Period and up to the Latest Practicable Date, no service arrangements in respect of EFT-POS System Support Service which have a material impact on our Group had been terminated.

Five largest customers

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, revenue derived from our five largest customers was approximately HK\$26.3 million, HK\$37.3 million and HK\$11.6 million, respectively, representing approximately 74.7%, 81.2% and 69.7%, of our total revenue for the respective years/period. Revenue derived from our largest customer, PAX, for each of the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2016 was approximately HK\$11.8 million, HK\$13.3 million and HK\$4.4 million, or 33.4%, 29.0% and 26.4% of our total revenue for the respective years/period, respectively.

As at the Latest Practicable Date, our business relationships with our five largest customers of the Track Record Period ranged from approximately two years to approximately eight years.

The following tables set forth our revenue attributable, and background information of, our five largest customers during the Track Record Period:

Ranking	Customer	Principal business	Type of service	For the year ended 31 March 2015				
				Geographic region	Year began relationship with the customer	Payment term	Revenue derived from customer (HK\$'000)	As a percentage of our Group's total revenue %
1	PAX	Development and sales of e-payment terminal products and the provision of related services	EFT-POS System Support Service	Hong Kong	2009	30 days of invoice	11,763	33.4%
2	Customer A	Providing leading taxi network services to taxi operators and drivers	Sourcing of EFT-POS peripheral devices	Australia	2010	Settled before delivery	5,153	14.6%

BUSINESS

For the year ended 31 March 2015

Ranking	Customer	Principal business	Type of service	Geographic region	Year began relationship with the customer	Payment term	Revenue derived from customer (HK\$'000)	As a percentage of our Group's total revenue %
3	Verifone (Note 1)	Designing, manufacturing, marketing and supplying electronic payment solutions at the point of sale	EFT-POS System Support Service	Hong Kong/Singapore	2008	Up to 30 days of invoice	3,795	10.8%
4	EFT Payments (Asia) Limited ("EFT Payments"), Affinity Corporation Limited and Guangzhou Yifude Information Technology Company Limited (廣州依付得信息科技有限公司) ("Guangzhou Yifude") (Note 2)	Promoting and marketing the acceptance of Alipay as means of electronic payment by retail merchants in Hong Kong and the PRC (Note 4)	Sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service	Hong Kong/PRC	2014	30 days of invoice	3,145	8.9%
5	Customer B (Note 3)	Providing corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing and other financial services	Sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service	Hong Kong/Macau	2011	Settled before delivery or 14 days of invoice	2,456	7.0%

Notes:

- 1 Including transactions with Verifone North Asia Limited of approximately HK\$3.7 million and Verifone Singapore Pte. Ltd. of approximately HK\$64,000 which are under common control of Verifone Systems, Inc. and are deemed as one customer.
- 2 Including transactions with EFT Payments of approximately HK\$2.3 million, Guangzhou Yifude of approximately HK\$0.5 million and Affinity Corporation Limited of approximately HK\$0.3 million which are wholly owned by and under common control of Mr. Lo and are deemed as one customer.
- 3 Including transactions with two subsidiaries of Customer B which were incorporated in Hong Kong of approximately HK\$1.3 million and Macau of approximately HK\$1.2 million and are deemed as one customer.
- 4 Representing the principal business of EFT Payments and Guangzhou Yifude only. For Affinity Corporation Limited, it contracted to rent EFT-POS terminals and provided respective system support services to an Independent Third Party from November 2011 for three years, of which all respective EFT-POS terminals and EFT-POS System Support Service were purchased from and outsourced to our Group. Since the end of the term of such contract in November 2014, Affinity Corporation Limited has been solely engaged in property investment.

BUSINESS

For the year ended 31 March 2016

Ranking	Customer	Principal business	Type of service	Geographic region	Year began relationship with the customer	Payment term	Revenue derived from customer (HK\$'000)	As a percentage of our Group's total revenue %
1	PAX	Development and sales of e-payment terminal products and the provision of related services	EFT-POS System Support Service	Hong Kong	2009	30 days of invoice	13,329	29.0%
2	Customer B (Note 1)	Providing corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing and other financial services	Sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service	Hong Kong/ Macau	2011	Settled before delivery or 14 days of invoice	8,653	18.8%
3	Customer A	Providing leading taxi network services to taxi operators and drivers	Sourcing of EFT-POS peripheral devices	Australia	2010	Settled before delivery	8,502	18.5%
4	Verifone (Note 2)	Designing, manufacturing marketing and supplying electronic payment solutions at the point of sale	EFT-POS System Support Service	Hong Kong/ Singapore	2008	Up to 30 days of invoice	4,664	10.1%
5	Customer C	A consortium of major banks in Hong Kong providing electronic payment system services	Sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service	Hong Kong	2011	Up to 30 days of invoice	2,198	4.8%

Notes:

- Including transactions with two subsidiaries of Customer B which were incorporated in Hong Kong of approximately HK\$4.4 million and Macau of approximately HK\$4.2 million and are deemed as one customer.
- Including transactions with Verifone North Asia Limited of approximately HK\$4.6 million and Verifone Singapore Pte. Ltd. of approximately HK\$45,000 which are under common control of Verifone Systems, Inc. and are deemed as one customer.

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Four months ended 31 July 2016

Ranking	Customer	Principal business	Type of service	Geographic region	Year began relationship with the customer	Payment term	Revenue derived from customer (HK\$'000)	As a percentage of our Group's total revenue %
1	PAX	Development and sales of e-payment terminal products and the provision of related services	EFT-POS System Support Service	Hong Kong	2009	30 days of invoice	4,396	26.4%
2	Customer A	Providing leading taxi network services to taxi operators and drivers	Sourcing of EFT-POS peripheral devices	Australia	2010	Settled before delivery	2,387	14.3%
3	Customer D	Global financial services company principally providing charge and credit payment card products and services	Sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service	Hong Kong	2009	Up to 30 days of invoice	1,721	10.3%
4	EFT Payments (Note 1)	Promoting and marketing the acceptance of Alipay as means of electronic payment by retail merchants in Hong Kong	Sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service	Hong Kong	2014	30 days of invoice	1,571	9.4%
5	Customer B (Note 2)	Providing corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing and other financial services	Sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service	Hong Kong	2011	Up to 30 days of invoice (Note 3)	1,550	9.3%

Notes:

1. Representing transactions of EFT Payments only. Since 1 April 2016, the Other Companies (as defined in the section headed "Relationship with the Controlling Shareholders" in this prospectus) other than EFT Payments obtained services through EFT Payments who in turn engaged us. For further details, please refer to the sub-section headed "Connected transactions – Non-exempt continuing connected transactions – Master supply and service agreement" in this prospectus.
2. Representing transactions with one subsidiary of Customer B which was incorporated in Hong Kong only.
3. Payment term to Customer B changed to up to 30 days of invoice for the four months ended 31 July 2016.

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Save for (i) Mr. Lo's 100% shareholding interest in each of EFT Payments, Affinity Corporation Limited and Guangzhou Yifude; and (ii) Ms. Lam's interests of 1,000 shares in Customer B, none of our Directors or their respective associates or any Shareholder holding more than 5% of the issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue held any interest in any of the five largest customers of our Group as at the Latest Practicable Date. For further details on Mr. Lo's shareholding interest, please refer to the section headed "Relationship with the Controlling Shareholders" in this prospectus.

Major terms and conditions of service arrangement with customers

Our customers entered into service arrangements with us by signing sale quotations instead of formal agreements with our customers in respect of sourcing of EFT-POS terminals and peripheral devices which, our Directors considered to be in line with industry norm. The purchase orders generally set out terms including model number, quantity, delivery deadline, selling price, warranty clause, shipping term and payment term.

For the contracts entered into between our Group and our customers in relation to the provision of EFT-POS System Support Service which were valid as at 31 July 2016, they can generally be categorised into two types:

- (i) contracts with expiry date (the "Contracts With Expiry Date"), which would expire after one year and within three years from 31 July 2016; and
- (ii) contracts with no expiry date and/or contained clause(s) which provide(s) that such agreements shall be renewed automatically after the end of each term unless the customer serves our Group with a termination notice (the "Contracts With No Expiry Date").

Assuming that the numbers of EFT-POS terminals deployed and the revenue generated from EFT-POS System Support Service (excluding fees charged for adhoc services provided on top of the agreed scope of full maintenance services) in July 2016 would remain unchanged and the contracts would not be early terminated, for illustrative purpose only:

- the contract sum of the Contracts With Expiry Date for the three years from 31 July 2016 amounted to approximately HK\$5.4 million, of which it is expected that approximately HK\$3.1 million would be accounted for within one year from 31 July 2016, approximately HK\$1.7 million would be accounted for after one year but within two years from 31 July 2016 and approximately HK\$0.6 million would be accounted for after two years from 31 July 2016; and
- for the Contracts With No Expiry Date, it is expected that such contracts would generate a monthly revenue from EFT-POS System Support Service of approximately HK\$1.3 million.

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We enter into the following arrangement with our customers in respect of EFT-POS System Support Service and software solution services, which are legally binding. Major contractual terms of the agreements are summarised below:

Service arrangements for EFT-POS System Support Service with EFT-POS terminal manufacturers

Term of service:	The initial term of two years.
Scope of services:	In addition to installation and collection of hardware, we shall provide telephone advice and assistance, on-site support if necessary and EFT-POS system support in case of any occurrence of error within specified timeframe as stipulated in the agreement; we shall also comply with periodic reporting requirements as stipulated in the agreement.
Pricing:	Fixed monthly fee may be charged with reference to EFT-POS terminal models and number of terminals covered. Adhoc service fees may be charged for work outside our scope of services.
Payment terms and coverage:	<p>System support fee shall be paid monthly, by the customer in arrears within 60 days after invoice.</p> <p>System support work under certain circumstances as set out in the agreement, such as out of warranty repairs, are not covered by the system support fee and shall be charged separately.</p>
Renewal:	A clause is generally included which provides that the system support agreement shall be renewed automatically after end of each term unless the customer serves us a termination notice prior to the end of a term.
Termination:	Typically either party may terminate the agreement by giving 90 days notice before the end of the initial period of the agreements or as otherwise stipulated in the terms.

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Maintenance service agreements for EFT-POS System Support Service with acquirers and merchants

Term of service:	In most cases, the initial term of one to three years.
Scope of services:	In addition to installation and collection of hardware, our Group shall provide telephone advice and assistance, on-site support if necessary and EFT-POS System Support Service in case of any occurrence of error within specified timeframe as stipulated in the agreement; our Group shall also comply with periodic reporting requirements as stipulated in the agreement.
Pricing:	Fixed monthly fee may be charged with reference to EFT-POS terminal models and number of terminals covered. Adhoc service fees may be charged for work outside our scope of services.
Service pledge:	System support shall be provided on EFT-POS terminal within certain time frames depending on location of the terminal and shall be provided within a certain level of performance standards within a month.
Payment terms and coverage:	<p>System support fee shall be paid monthly, in most cases, by the customer in arrears within 60 days after receipt of the invoice.</p> <p>System support work under certain circumstances as set out in the agreement, such as out of warranty repairs, are not covered by the system support fee and shall be charged separately.</p>
Renewal:	A clause is generally included which provides that the system support agreement shall be renewed automatically for a further one year after end of each term unless the customer serves us a termination notice prior to the end of a term.
Termination:	Either party may terminate the agreement by giving up to 120 days notice.

We were not subject to any material liquidated damages during the Track Record Period and up to the Latest Practicable Date.

Mandates or agreements for software solution services

The major terms of the signed mandate or agreements we concluded with our customers for the completed and ongoing software solution services projects are summarised separately below:

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Mandates

During the Track Record Period, we entered into signed mandates with our customers which covered the specifications of the software solution services, with payment of a fixed fee based on completion of milestones and subject to payment of annual software maintenance fee if ongoing maintenance will be provided.

Agreements

Scope of service: Development of software solutions based on specification and tentative timetable set out in the agreement.

Delivery: Upon completion of user acceptance testing and system launch.

Pricing: Fixed fee based on pricing policy in accordance with payment terms as set out below subject to recurring maintenance fee if ongoing software maintenance required.

Payment terms: Instalments based on milestone completion within 30 days from receipt of invoice.

Obligations: Our Group shall use reasonable endeavours to deliver software solution services to a reasonable standard within agreed performance dates. We are restricted not to solicit employees of customer.

Our customer shall co-operate with our Group in all matters relating to the delivery of software solution services and provide equipment at customer's own cost.

Liability: Our Group is liable to pay customer for reasonable loss and damage arising directly or indirectly from our Group's fraud, negligence, wilful failure to perform or wilful delay in the performance of any of its obligations under our agreement with them.

Our customer is liable to pay our Group for reasonable loss and damage arising directly or indirectly from the customer's fraud, negligence, wilful failure to perform or wilful delay in the performance of any of its obligations under our agreement with them.

Termination: Prior to delivery of software solutions, agreement may be terminated by either party by two months' written notice, or upon breach of the agreement by either party.

Confidentiality: Either party shall not disclose confidential information, and customer shall not use the confidential information for any purpose other than to exercise its rights under the agreement.

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Sales to overseas markets

During the Track Record Period, we sold peripheral devices (being thermal printers specifically applied to EFT-POS terminals) to Customer A in Australia and for the years ended 31 March 2015 and 2016 we sold EFT-POS terminals to one customer and provided EFT-POS System Support Service to one acquirer's customer in Macau. Our sole customer in Australia was our second, third and second largest customer for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively. Whereas the customer in Macau who sourced EFT-POS terminals was our fifth and second largest customer (when aggregating the revenue of the customer and/or its subsidiaries in both Hong Kong and Macau), respectively for the years ended 31 March 2015 and 2016. There have been no sales to the customer in Macau for the four months ended 31 July 2016.

Customer A, an Australian public company which is listed on the Australian Securities Exchange, provides leading taxi network services to taxi operators and drivers. Our Group started business relationship with Customer A since 2010. During the years of business relationship, we have been working with Customer A to provide EFT-POS payment solutions to it and we sourced EFT-POS peripheral devices which were used in conjunction with taxi meters on its taxi fleet. For each of the two years ended 31 March 2016 and the four months ended 31 July 2016, we consistently and steadily sourced considerable units of EFT-POS peripheral devices to Customer A. During the four months ended 31 July 2015 (i.e. the year ended 31 March 2016), the units of EFT-POS peripheral devices sourced to Customer A reached a record high since the commencement of our business relationship with Customer A. To the best knowledge and belief of our Directors and according to the annual report of Customer A for the year ended 30 June 2015, the greater transaction amount was mainly due to the test phase deployment of an unified and integrated payment and taxi meter platform on its taxi fleet.

For a breakdown of our revenue by geographical location of the shipment destination or location of service rendered, please refer to sub-section headed "Financial information – Description and comparison of principal items in the consolidated statements of profit or loss and other comprehensive income – Revenue – Revenue by shipment destination" in this prospectus.

Pricing policy and payment terms

Pricing, specifications and payment terms are determined under the service arrangements, purchase orders and mandates or agreements with our customers. We review and amend our price and service fee schedule from time to time according to business needs and market conditions. Our sales are mainly denominated in HK\$ and US\$ and settled mainly by bank transfer. We offer different payment terms to our customers depending on the credibility, the products and service and their payment histories.

Sourcing of EFT-POS terminals and peripheral devices

Our pricing in terms of sourcing of EFT-POS terminals and peripheral devices is determined on a cost plus basis taking into account of the sourcing cost of terminals, delivery and other costs, number of terminals ordered and our targeted margin.

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The payment terms to our sourcing customers are generally made with reference to the payment terms offered by our suppliers. In the event that our suppliers require full settlement or 50% down payment prior to shipment, we generally require same payment terms from our customers. Otherwise, we generally offer payment terms of up to 30 days after the invoice to these customers.

EFT-POS System Support Service

Service fees are charged at fixed amount per month multiplied by number of terminal deployed based on the type and level of services required and the model of EFT-POS terminal to be serviced. Separate fees may be charged for additional adhoc services not covered in the relevant agreements on a case by case basis. We generally offer payment term of up to 30 days from the date of invoice.

Software solution services

Service fees are determined on an estimate of the number of man power and time required to develop the software solutions in addition to any other costs incurred such as material cost and testing cost etc., plus the targeted margin. We generally require the service fees to be settled by milestone with payment term of up to 30 days.

During the Track Record Period, we did not record any bad and doubtful debts. Our Directors confirm that we have not had any material dispute with any customer during the Track Record Period. We do not offer any rebates. For details, please refer to the sub-section headed “Business – Product returns and warranty – Product returns” in this prospectus.

Entities who are our major customers/suppliers and also our suppliers/customers

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, to the best knowledge and belief of our Directors, two, three and three of the EFT-POS terminals manufacturers who were our ten largest suppliers for the respective years/period were also our customers, respectively. Revenue generated from these EFT-POS terminals manufacturers for the respective years/period was approximately HK\$4.0 million, HK\$18.0 million and HK\$1.3 million, respectively or 11.4%, 39.2% and 8.0%, respectively, of our total revenue. During the same period, our purchases from these EFT-POS terminals manufacturers were approximately HK\$3.4 million, HK\$7.1 million and HK\$4.1 million, respectively or 52.9%, 58.3% and 68.2%, respectively, of our total cost of procurement.

Our Directors believe that it is not uncommon for EFT-POS terminal manufacturers to outsource EFT-POS System Support Service to EFT-POS solution providers to serve their customers in Hong Kong. Our suppliers are generally leading global EFT-POS terminal manufacturers, given that the market size of Hong Kong EFT-POS market is not significant, it may be impractical for them to set up their own system support team for the Hong Kong market. As such, they may utilise local EFT-POS solution providers like us to undertake the EFT-POS System Support Service to increase efficiency and geographical coverage. We

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generally sourced EFT-POS terminals from these EFT-POS terminal manufacturers and sold to acquirers and merchants. We also entered into service arrangements with these EFT-POS terminal manufacturers to provide EFT-POS System Support Service to their customers, which are acquirers and merchants. To the best knowledge and belief of our Directors, these EFT-POS terminals were not ordered through us.

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, to the best knowledge and belief of our Directors, one, nil and nil merchant, respectively who was our ten largest customer for the respective years/period was also our supplier. This merchant is principally engaged in providing retail management solutions. We generated revenue from the EFT-POS System Support Service provided to this merchant and we engaged this merchant as an independent programmer for one of our software solution services project. Revenue generated from this merchant for the year ended 31 March 2015 was approximately HK\$0.8 million, representing approximately 2.2% of our total revenue for the respective year and our purchases from this merchant was approximately HK\$54,000, representing approximately 0.8% of our total cost of procurement for the respective year.

To the best knowledge and belief of our Directors, these EFT-POS terminal manufacturers and merchants and their ultimate beneficial owners are Independent Third Parties.

Negotiations of the terms of our purchases from and provision of services to these EFT-POS terminal manufacturers and merchants were conducted on individual basis and the purchases and the services were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that, during the Track Record Period, the products we purchased from these EFT-POS terminal manufacturers were not sold to these EFT-POS terminal manufacturers and we did not enter into maintenance service agreements with these EFT-POS terminal manufacturers in respect of the same EFT-POS terminals we sourced from them. The terms of transactions with these EFT-POS terminal manufacturers and merchants are in line with the market and similar to those transactions with our other customers and suppliers.

Concentration risk of our customers

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively, revenue derived from the five largest customers contributed to approximately 74.7%, 81.2% and 69.7% of our revenue, respectively. Two, two and one of them, respectively are EFT-POS terminal manufacturers, and the remaining are acquirers. We expect that these leading EFT-POS terminal manufacturers and reputable acquirers will remain our major customers in the foreseeable future. For further discussion, please refer to the sub-section headed “Risk factors – Risks relating to our business – We rely upon a limited number of customers for a large percentage of our revenue. If we do not effectively manage our relationships with these customers, our financial condition and results of operation may be materially and adversely affected” in this prospectus. According to Frost & Sullivan, given (i) it is not uncommon for EFT-POS terminal manufacturers to outsource EFT-POS System Support Service to EFT-POS solution providers to serve their customers in Hong Kong; and (ii) the global EFT-POS terminal manufacturing industry is dominated by leading manufacturers,

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among which market share of the top four, five and ten global EFT-POS terminal manufacturers in terms of the global sales revenue in 2015 accounted for approximately 55.9%, 57.8% and 64.0% of such revenue, as such, reliance on a few leading EFT-POS terminal manufacturers as major customers is an industry norm for EFT-POS solution providers in the electronic payment industry in Hong Kong.

Despite our five largest customers during the Track Record Period exhibited a certain degree of customer concentration, our Directors consider that our Group is not reliant on any single customer because:

- (i) notwithstanding that revenue derived from PAX and Verifone, being EFT-POS terminal manufacturers represents approximately 54.6% and 19.1% of our total revenue derived from EFT-POS System Support Service for the year ended 31 March 2016 respectively, our Group served ten and four underlying acquirers under the service arrangements entered into between us and PAX and Verifone, respectively, whereby the acquirers deployed EFT-POS terminals for use by merchants (being the customers of such acquirers) and these merchants were thus the service recipients of our EFT-POS System Support Service. For the four months ended 31 July 2016, revenue derived from PAX represented approximately 55.1% of our total revenue derived from EFT-POS System Support Service, our Group served ten underlying acquirers under the service arrangements entered into between us and PAX. Therefore, the revenue derived from PAX and Verifone were in fact attributable to our services provided directly to a number of ultimate service recipients comprising those underlying acquirers and merchants (where the EFT-POS terminals were deployed for use by the underlying acquirers) rather than to PAX and Verifone and thus diversified our customer base among the service recipients of our services.

Generally, acquirers or merchants may source the EFT-POS terminals either from the EFT-POS terminal manufacturers or EFT-POS solution providers like us. In cases where the EFT-POS terminal manufacturers directly sell the EFT-POS terminals to the acquirers or merchants, as disclosed in the sub-section headed “Business – Customers – Entities who are our major customers/suppliers and also our suppliers/customers” in this prospectus, service arrangements would have been entered into between the EFT-POS terminal manufacturers and our Group, whereby the EFT-POS terminal manufacturers would outsource to us the provision of the system support services of those EFT-POS terminals for their ultimate customers. In return our Group would receive a system support fee based on an agreed amount per EFT-POS terminal sold to those customers. When we provide EFT-POS System Support Service to the service recipients (which are the underlying acquirers and the merchants, being the customers of such acquirers which deployed the EFT-POS terminals for use by those merchants) under the service arrangements entered into between us and the EFT-POS terminal manufacturers, in general, those service recipients would directly contact us to request for EFT-POS System Support Service and we would directly provide relevant services to those service recipients.

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Therefore, those service recipients understand that it is our Group instead of PAX or Verifone (as the case may be) which provide the EFT-POS System Support Service to them and PAX or Verifone (as the case may be) are responsible for supplying the EFT-POS terminals.

Our Directors consider that the EFT-POS terminal market in Hong Kong is user-driven i.e. by the acquirers and merchants. Those underlying acquirers were free to choose a particular model or brand of EFT-POS terminals to be used for provision of electronic payment services for their customers, i.e. the merchants. In fact, the merchants may also request acquirers to choose particular models of EFT-POS terminals based on functionality and/or price and also the service provider of the relevant system support service for the acquired EFT-POS terminals. Thus, the choice of EFT-POS solution providers by acquirers might be influenced by the preference of merchants and in turn the acquirers will influence or direct the EFT-POS terminal manufacturers to arrange the system support service with EFT-POS solution providers like us. Therefore, our Directors consider that our revenue is not concentrated on one or two particular EFT-POS terminal manufacturers such as PAX and Verifone but are in fact diversified among those underlying acquirers and merchants, which would have influence over the EFT-POS terminal manufacturers to engage us for the provision of the EFT-POS System Support Service, under the service arrangements entered into between our Group and the EFT-POS terminal manufacturers;

- (ii) we derived revenue from 33, 33 and 26 customers (comprising of direct customers which we have direct contractual arrangements with), for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively, comprising of EFT-POS terminal manufacturers, acquirers and merchants, indicating our ability to bypass the EFT-POS terminal manufacturers to directly deal with and serve the acquirers and bypass the EFT-POS terminal manufacturers and/or acquirers to directly deal with and serve the merchants. In case those acquirers and/or merchants wish to directly source by themselves EFT-POS terminals of other EFT-POS terminal manufacturer brands and engage an EFT-POS solution provider for the respective system support service, given that (i) there is only a limited number of EFT-POS solution providers in the Hong Kong electronic payment market; (ii) our leading market share in both the system support service for EFT-POS terminal market and the sourcing of EFT-POS terminal market in Hong Kong; and (iii) our capability in providing EFT-POS System Support Service on a number of brands and models of EFT-POS terminals, our Directors are of the view that those acquirers and/or merchants may likely engage us for sourcing service and EFT-POS System Support Service, and thereby our ultimate customer base would likely be broadened and thus the risks associated with concentration of revenue from one or two particular EFT-POS terminal manufacturers are in fact diversified among these acquirers and merchants. For example, for the four months ended 31 July 2016, the sourcing revenue derived from Customer D increased by approximately HK\$1.0 million due to the increase in procurement for advanced models of EFT-POS terminals to support its new contactless payment features. This reduced the reliance on each of our five largest customers to our revenue as compared to previous years;

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- (iii) according to Frost & Sullivan, in November 2016, there are approximately 20 acquirers in the market, out of which 11 of them are our direct customers for our EFT-POS System Support Service and 14 of them are the service recipients of the service arrangements entered into between us and the EFT-POS terminal manufacturers for our EFT-POS System Support Service (of which five acquirers overlapped with our direct customers for our EFT-POS System Support Service);
- (iv) we undertake sourcing contracts of considerably different scales. A sizeable sourcing contract undertaken by us would contribute to a significant portion of revenue in the particular period which would result in the relevant customer becoming one of our top customers in that particular period; and
- (v) our five largest customers during the Track Record Period were also reliant on our Group for EFT-POS System Support Service given that we are the market leader in this niche market only comprising limited number of market players. As at 31 July 2016, we had an established business relationship with our five largest customers for the Track Record Period for a period ranging from approximately two years to approximately eight years. Our Directors believe that the close relationship with our major customers is built on our past performance and our ability to provide services that meet our customers' needs.

We recognise the need to maintain stable business relationships with our existing customers; however, at the same time we have taken initiatives to reduce our reliance on our major customers by broadening our customer base and expanding our software solution services business stream to reduce concentration risk.

PROCUREMENT, SUPPLIERS AND INVENTORY

For sourcing of EFT-POS terminals and peripheral devices, we generally procure the EFT-POS terminals and peripheral devices from the EFT-POS terminal and peripheral device manufacturers in Singapore and the PRC. During the Track Record Period, our suppliers comprised of EFT-POS terminal and peripheral device manufacturers and independent service providers such as call centre service provider and independent on-site technicians. For further details on our independent service providers, please refer to the sub-section headed "Business – Procurement, suppliers and inventory – Independent service providers" in this prospectus.

The pricing policies of EFT-POS terminal and peripheral device manufacturers typically take into account a number of factors, including the prevailing market price for the relevant product, product specifications, size of the order and services required, our reputation, our relationship with them and market competition. Fluctuations in average pricing of EFT-POS terminals during the Track Record Period are mainly due to different quantity and models of EFT-POS terminals sourced by our customers during the periods.

EFT-POS terminal manufacturers typically offer hardware warranty terms of 12 months from the date of shipping and risk passes to us once the terminals are picked up from the supplier or delivered to forwarder pursuant to the shipping term and we would typically arrange

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for shipping from the manufacturer's point of delivery to us. We are generally granted payment terms of up to 30 days from the date of invoice; however, some manufacturers require full payment or 50% deposit prior to shipping.

Five largest suppliers

The following tables sets out the details of our five largest suppliers during the Track Record Period:

Ranking	Supplier	Principal business	Type of services	Geographic region	For the year ended 31 March 2015		Cost of procurement (HK\$'000)	As a percentage of our Group's total cost of procurement %
					Year began relationship with the supplier	Payment term		
1.	Supplier B (Note 1)	Providing seamless payment services and offering payment solutions across in-store, mobile, online and cross-channel	Purchase of EFT-POS terminals	PRC	2010	Settled before delivery	1,798	27.6%
2.	Verifone (Note 2)	Designing, manufacturing marketing and supplying electronic payment solutions at the point of sale	Purchase of EFT-POS terminals	Singapore	2008	45 days of invoice	1,643	25.3%
3.	Supplier A	Manufacturer of payment terminal, cloud point of sale machine and solution provider	Purchase of EFT-POS peripheral devices	PRC	2011	Settled before delivery	1,343	20.6%
4.	Independent service provider A	Logistics provider	Delivery services	Hong Kong	2013	10 days after the end of the relevant month in which services are rendered	619	9.5%
5.	Independent service provider B	Logistics provider	Delivery services	Hong Kong	2013	10 days after the end of the relevant month in which services are rendered	173	2.7%

Notes:

- 1 Representing transactions with one of subsidiary of Supplier B.
- 2 Representing transactions with Verifone Systems International Limited which is a subsidiary of Verifone Systems, Inc.

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For the year ended 31 March 2016								
Ranking	Supplier	Principal business	Type of services	Geographic region	Year began relationship with the supplier	Payment term	Cost of procurement (HK\$'000)	As a percentage of our Group's total cost of procurement %
1.	Verifone (Note 1)	Designing, manufacturing marketing and supplying electronic payment solutions at the point of sale	Purchase of EFT-POS terminals	Singapore	2008	30 days of invoice (Note 2)	4,738	39.2%
2.	Supplier A	Manufacturer of payment terminal, cloud point of sale machine and solution provider	Purchase of EFT-POS peripheral devices	PRC	2011	Settled before delivery	2,125	17.6%
3.	Supplier B (Note 3)	Providing seamless payment services and offering payment solutions across in-store, mobile, online and cross-channel	Purchase of EFT-POS terminals	Singapore/PRC	2010	Settled before delivery or 30 days of invoice (Note 3)	1,959	16.2%
4.	Independent service provider C	Independent on-site technician	Technical services such as maintenance, installation or collection of EFT-POS terminals	Hong Kong	2015	10 days after the end of the relevant month in which services are rendered	482	4.0%
5.	Independent service provider D	Call centre service provider	Hotline services	PRC	2014	By 15th of each month	453	3.8%

Notes:

- 1 Representing transactions with Verifone Systems International Limited which is a subsidiary of Verifone Systems, Inc.
- 2 Verifone reduced their payment term from 45 days for the year ended 31 March 2015 to 30 days for the year ended 31 March 2016.
- 3 Representing transactions with two subsidiaries of Supplier B, amounting approximately HK\$1.5 million and approximately HK\$0.5 million, respectively.

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Ranking	Supplier	Principal business	Type of service	Geographic region	Four months ended 31 July 2016		Payment term	Cost of procurement (HK\$'000)	As a percentage of our Group's total cost of procurement %
					Year began relationship with the supplier				
1	Castles (Note 1)	Manufacturer and provider of payment solutions for financial, retail, hospitality and transportation sectors	Purchase of EFT-POS terminals	Singapore	2015		30 days of invoice	2,082	34.5%
2	Verifone (Note 2)	Designing, manufacturing marketing and supplying electronic payment solutions at the point of sale	Purchase of EFT-POS terminals	Singapore	2008		30 days of invoice	1,345	22.3%
3	Supplier B (Note 3)	Providing seamless payment services and offering payment solutions across in-store, mobile, online and cross-channel	Purchase of EFT-POS terminals	Singapore/PRC	2010		Settled before delivery or 30 days of invoice (Note 3)	689	11.4%
4	Supplier A	Manufacturer of payment terminal, cloud point of sale machine and solution provider	Purchase of EFT-POS peripheral devices	PRC	2011		Settled before delivery	564	9.3%
5	Independent service provider E	Independent on-site technician	Technical services such as maintenance, installation or collection of EFT-POS terminals	Hong Kong	2016		10 days after the end of the relevant month in which services are rendered	159	2.6%

Notes:

- 1 Representing transactions with Castles Technology Singapore Pte. Limited which is a subsidiary of Castles Technology Co., Ltd.
- 2 Representing transactions with Verifone Systems International Limited which is a subsidiary of Verifone Systems Inc.
- 3 Representing transactions with two subsidiaries of Supplier B, amounting approximately HK\$0.5 million and approximately HK\$0.2 million, respectively.

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Purchases from our five largest suppliers for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016 were approximately HK\$5.6 million, HK\$9.8 million and HK\$4.8 million, respectively, representing approximately 85.7%, 80.6% and 80.1%, of our total cost of procurement for respective years/period. Purchases from our largest supplier for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, being Supplier B, which is listed on Euronext, Paris, Verifone, which is listed on the New York Stock Exchange and Castles, which is listed on the Taipei Stock Exchange, respectively, were approximately HK\$1.8 million, HK\$4.7 million and HK\$2.1 million, respectively, representing approximately 27.6%, 39.2% and 34.5%, respectively of our total cost of procurement for the respective years/period.

As at the Latest Practicable Date, none of our Directors, or their close associates or any Shareholders holding more than 5% of the issued share capital of our Company immediately following completion of the Share Offer and Capitalisation Issue, held any interest in any of our five largest suppliers.

Concentration risk of our suppliers

Fluctuations in our Group's largest supplier during the Track Record Period were the result of varying customer demand for certain EFT-POS terminals and peripheral devices during the relevant period. New models and products of EFT-POS terminals and peripheral devices are released by EFT-POS terminal and peripheral device manufacturers periodically, and demand for new models and products will vary from time to time. We are not materially affected by changes in costs due to fluctuations nor did we suffer any shortage or delay in supply as we make back-to-back orders with our suppliers only when we receive orders from our customers in accordance with our pricing policy in relation to our sourcing of EFT-POS terminals and peripheral devices. For details of our pricing policy, please refer to the sub-section headed "Business – Customers – Pricing policy and payment terms" in this prospectus.

We have well-established business relationships with and are the value added partners of a number of leading international EFT-POS terminal manufacturers. We have established business relationships with Verifone since August 2008, PAX since May 2009, Supplier B since November 2010. According to Frost & Sullivan, Verifone, PAX and Supplier B are among the top five manufacturers of EFT-POS terminals in the world in terms of revenue in 2015 which share over 57.7% of market share. According to Frost & Sullivan, given (i) the global EFT-POS terminal manufacturing industry is dominated by leading manufacturers, among which market share of the top four, five and ten global EFT-POS terminal manufacturers in terms of the global sales revenue in 2015 accounted for approximately 55.9%, 57.8% and 64.0% of such revenue; and (ii) as long as a EFT-POS solutions service provider in Hong Kong does not own brands for EFT-POS terminals and does not hold manufacturing capacity for EFT-POS terminals like us, it has to source EFT-POS terminals with the standards and certifications acceptable to merchants and acquirers from these leading EFT-POS terminals manufacturers, as such, reliance on such leading EFT-POS terminal manufacturers as major suppliers is an industry norm for EFT-POS solutions providers in the electronic payment industry in Hong

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Kong. In order to satisfy various needs of our customers and provide better sourcing solutions to our customers, we have since December 2015 established business relationship with Castles, who according to Frost & Sullivan, is ranked, in terms of revenue, as a top ten EFT-POS terminal and peripheral device manufacturer in the world in 2015. Given that the EFT-POS terminal and peripheral device manufacturer market is dominated by the five largest players and we have established long term relationship with three of the five largest manufacturers, accordingly, our Directors believe our Group is not subject to significant concentration risk and counterparty risk in suppliers.

We do not engage in manufacturing, therefore our Group does not purchase raw materials. We make back-to-back orders with our suppliers when we receive orders from our customers. We also arrange our sourcing customer to acknowledge receipt of the EFT-POS terminals shortly after arrival at our warehouse. Such inventory will be stored in our warehouse before deployment. The remaining stock after deployment from time to time will be kept as the customer's available stock at our warehouse and repair centre as a reserve for our EFT-POS System Support Service. We will send periodic service and available stock reports to our customers for their record keeping and reconciliation purposes.

Major contract terms and conditions with manufacturer suppliers

Agreements with EFT-POS terminal manufacturers

Our Group enters into agreements with Verifone and Supplier B, which are legally binding. Major contractual terms that are contained in the agreements are summarised below:

Scope of Service: Our Group is typically appointed as the value added reseller or the international partner to promote and market on a non-exclusive basis the products of the respective manufacturer and may develop or update the applications to be used on the products within the local market, utilising the SDK of the manufacturer. Our Group may freely establish the resale price of the products with the right to distribute the terminals of the manufacturer within Hong Kong and Macau.

Our Group will also typically provide to end users associated maintenance service.

Payment term: Typically 30 days from invoice.

Term: One year from effective date.

Renewal: A clause in the agreements typically included to renew the agreement automatically for one year and successive one year terms thereafter subject to earlier termination.

Termination: Typically either party may terminate the agreement by giving the other 90 days notice.

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Minimum order quota:	The agreements typically state a nominal minimum quota for annual sales targets of between US\$0.4 million to US\$0.5 million, which is not unduly onerous for our Group to achieve.
Miscellaneous:	Our Group is typically provided with product and SDK training by the manufacturer.

Purchase orders with other manufacturers

After our sourcing customers place purchase orders to us, we will place purchase orders to the EFT-POS terminal and peripheral device manufacturers, which normally include terms such as the product model, quantity, price, payment term and method, delivery date and location.

Our Directors confirm that there has been no material change in our procurement strategy during the Track Record Period. Our Directors also confirm that we did not experience any material breach of terms of agreements or material delay or interruption or substantial difficulties in securing raw materials or components and we did not have any material dispute with any of our major suppliers during the Track Record Period.

Import from overseas markets

During the Track Record Period, certain EFT-POS terminals and peripheral devices were imported products from, among others, Singapore and the PRC. For the year ended 31 March 2015, we imported products from Supplier B (our largest supplier), Verifone (our second largest supplier) and Supplier A (our third largest supplier). For the year ended 31 March 2016, we imported products from Verifone (our largest supplier), Supplier A (our second largest supplier) and Supplier B (our third largest supplier). For the four months ended 31 July 2016, we imported products from Castles (our largest supplier), Verifone (our second largest supplier), Supplier B (our third largest supplier) and Supplier A (our fourth largest supplier).

Independent service providers

We typically outsource certain functions and processes to streamline and create higher efficiencies in our operations. During the Track Record Period, we engaged independent service providers such as call centre service provider and independent on-site technicians involved in our EFT-POS System Support Service; and independent programmers to procure certain coding services in programming languages not typically used in our business operations. Our cooperation with such independent service providers is set out as follows:

Call centre service provider

Taking into account the fact that certain merchants in Hong Kong operate seven days a week, we introduced a 24/7 hotline service to our EFT-POS System Support Service so as to provide our customers and merchants a more responsive service in December 2014. In order to cope with call frequency and create higher efficiencies within our customer service team;

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from December 2014, we outsource Tier 1 customer service calls to call centre service provider, an Independent Third Party. The agreement has an initial term of two years to be extended on a continuing basis, subject to earlier termination by either party upon giving of three month's written notice. The service provider shall perform the call centre functions on 24/7 basis. We require the service provider to provide the call centre service 24 hours a day seven days a week; answering 85% of calls within 20 seconds with abandon rate of less than or equal to 5%, and we are given monthly reports for such hotline service. We expect the call operators to be trained to have full product knowledge. The fixed monthly service fee was agreed after negotiations between the parties. As at the Latest Practicable Date, there have been no material breach of the terms and conditions of the agreement by either parties.

Since December 2014 and up to the Latest Practicable Date, we have not received any material complaint from our customers or merchants on the service quality of the call centre service provider.

Independent on-site technicians

In the year ended 31 March 2016, we engaged independent on-site technicians to increase our efficiency of our EFT-POS System Support Service in view of the increasing demand of technicians for our EFT-POS System Support Service. Independent on-site technicians are also more willing to work outside normal service hours as compared to our own technicians. As at 31 July 2016 we engaged six independent on-site technicians, one of whom was a previous employee of our Group, on terms which were agreed after negotiations between the parties with regard to the prevailing market rates and the number of on-site job completed. Our senior officer of technical support team will assign installation, maintenance, collection or other service orders daily to those independent on-site technicians and our own technicians. The monthly fees of those independent on-site technicians are calculated based on the fixed schedule of fees multiplied by the number of completed job undertaken by the respective technician in the corresponding month. The monthly fees usually would be settled by us before the tenth day of the subsequent month. As at the Latest Practicable Date, there have been no material breach of the terms and conditions of the arrangements by those independent on-site technicians or us.

Independent programmers

When programming in programming languages not typically used in our business operations, such as Android or iOS, we may outsource the programming to Independent Third Parties who are professionals in different programming languages. During the Track Record Period, we outsourced programming to independent programmers in one occasion, and the independent programmer was chosen by our customer. We have adopted the following procedures to select the independent programmer in the future. Our information technology team may obtain quotes from various independent programmers and assess their background and track record. In the process of independent programmer selection, we will consider whether their services can fulfil our requirements, the offered price and their past business relationships with us, if any. The independent programmer will be selected after taking into

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account the above criteria and we will agree standard terms of engagement with them, which in addition to the scope and fee of the service, provides that all intellectual properties (including source code) invented or produced by such independent programmers shall belong to our Group. We will evaluate the performance of the independent programmers from time to time based on, among others, timely deliverables and quality of the completed jobs.

PRODUCT RETURNS AND WARRANTY

According to terms and conditions of the purchase orders with our sourcing customers, inventory risks pass to them on delivery and acceptance of the EFT-POS terminals and peripheral devices.

Product returns

We do not offer returns or refunds to our customers, other than products that do not function when first delivered to our customers (the “dead on arrival products”).

Products that are returned to us as “dead on arrival” by our customers, will be sent back to our suppliers. Our suppliers generally provide a “dead on arrival” policy to us. If an EFT-POS terminal or device is returned as “dead on arrival” within a prescribed time, our suppliers shall exchange the product.

We had no product returns for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016.

Product warranty

We generally offer our customers a hardware warranty of 12 months on the EFT-POS terminals and peripheral devices sourced from us. The hardware warranty provided by us covers for hardware defects of the EFT-POS terminal (save for wear and tear and accidental damage) in line with the hardware warranty provided by our suppliers. Our procurement and logistics team will conduct the repairs of the EFT-POS terminals.

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016 we incurred no expenses on the provision of the extended warranty to our customers. Our Directors confirm that there has been no material product liability claim during the Track Record Period and up to the Latest Practicable Date.

Customer complaints policy

Any serious complaints that we received will be handled by a manager in our customer service teams, before being escalated to Mr. Lee Ka Ming Kelvin, our chief operation officer, for investigation. Upon full investigation, an incident report will be generated together with a plan of action containing rectification steps to prevent future occurrence. To ensure that we will continue to effectively deal with complaints, if any, our operation department will from time

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to time, if necessary, consult with legal advisers, to ensure our customer complaints policy is up to date with the relevant laws and regulations. During the Track Record Period, we have not received any material complaints on our services or on our independent service providers from our customers that have a material impact on our business operations.

INSURANCE

We have purchased various insurance comprising property contents insurance, public liability insurance and employees' compensation insurance for our employees. We also maintain insurance in relation to risk of loss and damage to our customers' available stock. Other than that, we have not purchased any insurance for operations, which our Directors believe is in line with the industry norm. Based on our mode of operation, our Directors consider that we have maintained adequate insurance coverage for its current scale of operation.

Any uninsured occurrence of business interruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities may have a material adverse effect on our results of operations. For further details, please refer to the sub-sections headed "Risk factors – Risks relating to our business – We have limited insurance coverage and it may be inadequate to cover all risks of loss associated with our business operations, in particular the significant levels of inventories stored at our warehouse, which belong to our customers.", "Risk factors – Risks relating to our business – Risk associated with the computer hardware system and data storage" and "Risk factors – Risks relating to our business – We may experience software defects, computer viruses and breakdowns in our information technology systems that could damage customer relations and result in the loss of sales, delays in our collection of receivables, increased costs and claims against us." in this prospectus.

INFORMATION TECHNOLOGY MATTERS

We focus on providing the EFT-POS System Support Service and the development of software solutions for our customers.

Material technology and technical know-how

We develop EFT-POS specification testing, electronic payment standards acceptance certification solutions and customised software solutions. In view of the technical characteristics associated with our EFT-POS applications and software, our customers usually undertake testing of our applications and software prior to deployment.

We typically utilise "C", a type of programming languages, together with the SDK of the relevant EFT-POS terminal manufacturer to build applications and develop certification solutions for EFT-POS terminals. In respect of the customised software solutions, subject to the specifications by customers, we generally use "C" to develop the relevant software. Depending on the operating platform of our software solutions from time to time, we may need to utilise different programming languages (such as Android and iOS). To develop software utilising

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different programming languages we may outsource these functions to independent programmers. For details of cooperation with independent programmers, please refer to the sub-section headed “Business – Procurement, suppliers and inventory – Independent service providers – Independent programmers” in this prospectus.

Information technology team

Our information technology team comprise of a project manager, an assistant project manager, a system support engineer and a digital marketing officer, led by our chief information officer, Mr. Chan Wai To. As at 31 July 2016, one member of our information technology team had over ten years of relevant industry experience; one member had over six years of relevant industry experience; two members had approximately two years of relevant industry experience; whilst one member was newly joined.

In addition, one employee of our information technology team has obtained a higher diploma in information & communications technology, one employee has obtained a higher diploma in multimedia design & technology, two employees have obtained bachelor’s degree in engineering majoring in computer engineering and one employee holds a bachelor’s degree in science majoring in computer science and a master of philosophy degree in computer science.

Apart from relevant technological academic background and work experience, our information technology team has to acquire knowledge of the SDKs of various EFT-POS terminal manufacturers as well as knowledge of the operations of acquirers, continuous changes in the rules and regulations and architecture in the EFT-POS markets.

Information technology infrastructure

Our business operation do not require production facility (save for a workshop equipped with computers, servers and testing equipment for daily operations) to develop applications and software. Our computers, servers and testing equipment amounted to approximately HK\$0.1 million, HK\$0.4 million and HK\$0.4 million as at 31 March 2015 and 2016 and 31 July 2016, respectively, accounted for approximately 0.4%, 1.4% and 2.0% of our total assets, respectively.

MARKET AND COMPETITION

According to Frost & Sullivan, the EFT-POS solution provider market in Hong Kong is very concentrated with the top two players contributing more than 90% of the entire market in terms of revenue. The EFT-POS solution provider market is dominated by a limited number of players including EFT-POS solution providers and EFT-POS terminal manufacturers. It is expected there will be further market consolidation within the industry. The acquirers tend to collaborate with partners who have abundant industry know-how and strong technical capability so as to provide quality EFT-POS System Support Service or other after sales services to merchants. Meanwhile, end service recipient are also more willing to purchase EFT-POS terminals and peripheral devices from well-recognised suppliers with sophisticated service coverage. Therefore, the market share of small players will be gradually taken up by leading players.

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In 2015, according to Frost & Sullivan, the total revenue of EFT-POS system support service providers in Hong Kong was approximately HK\$45.2 million. The total revenue of the top two players in the industry accounted for approximately HK\$42.8 million, or 94.7% of such total revenue. We accounted for about 54% of the market shares in terms of revenue of EFT-POS system support service providers as a whole in Hong Kong in 2015.

According to Frost & Sullivan, in the next three to five years, the EFT-POS system support service provider market in Hong Kong is expected to maintain rapid growth in terms of revenue and value due to increasing credit or debit card transactions, technology development, and the growing demand from merchants. The market size is expected to grow to HK\$63.3 million in 2020.

We believe that the key entry barriers for the EFT-POS solution provider market in Hong Kong include technology, certification, customer base and capital. For additional information on the competitive landscape in the Hong Kong, please refer to the sub-section headed “Industry overview – Factors of competition – Entry barriers” in this prospectus.

Our Directors consider that our business environment to be competitive and anticipate further competition from existing competitors and new market entrants in the future.

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We do not have any production facilities although we have storage and warehousing facilities for storing our customer’s available stock. Therefore, we are not subject to significant health, safety or environmental risks. To ensure compliance with applicable laws and regulations, our administration and finance department will from time to time, if necessary, consult with legal advisers, to ensure our human resources policies are up to date with the relevant labour and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents, claims for personal or property damage or compensation to employees and we did not experience any material non-compliance of health and work safety.

We do not generally dispose of electronics waste by ourselves because we engage recycling companies to periodically collect electronics waste without cost. We follow such electronics waste disposal procedures to ensure compliance with the relevant laws and regulations. Our Directors believe that our business operations are not subject to any specific environmental laws or regulations in Hong Kong. For each of the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, we incurred negligible expenses on environmental related matters. We expect total environmental compliance cost for the year ending 31 March 2017 to be immaterial.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

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INTELLECTUAL PROPERTY

We have adopted internal measures for overall source code protection and confidentiality management which specifies the relevant responsibilities of our employees, customers and other third parties when handling our proprietary and confidential information. Further, our information technology workforce employees are generally required to enter into standard employment contracts, which contain provisions requiring our information technology workforce employees to keep confidential our proprietary information and business secrets which they have knowledge or access to, and also provides that all intellectual property (including source code) invented or produced by the employees during the course of their employment with us shall belong to us.

We have registered and are in the process of registering certain domains and trademarks. For details, please refer to the sub-section headed “B. Further information about our business – 2. Intellectual property rights of our Group” in Appendix IV to this prospectus.

To the best of our Directors’ knowledge, during the Track Record Period and up to the Latest Practicable Date, there had not been any material infringement of our intellectual property rights and there had not been any pending or threatened claims against us in relation to the infringement of any intellectual property rights of Independent Third Parties arising from our business operations.

EMPLOYEES

All our employees are based in Hong Kong. The following table sets out the functional distribution of our employees as at the dates indicated:

Department	As at 31 March 2015	As at 31 March 2016	As at 31 July 2016
Directors and Management	6	11	10
Administration and Finance	1	4	4
Information Technology			
– Technical staff	2	3	3
– In-house network administration officer	–	1	1
Operation	52	46	37
Procurement and Logistics	4	2	4
	<hr/>	<hr/>	<hr/>
Total	<u>65</u>	<u>67</u>	<u>59</u>

As at the Latest Practicable Date we had 59 employees.

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We believe that our ability to recruit and retain experienced and skilled labour is key to our growth and development. We strive to create a harmonious and warm working environment for our employees. In this regard, we conduct recruitment ourselves and do not appoint employment agents. We provide training to our new employees and such trainings cover various areas of our operations including knowledge on the operation of the EFT-POS terminals from various manufacturers and the internal control system of our Group.

Fluctuations in our Group's employees during the Track Record Period was the result of the recruitment of senior managerial staff offset by natural loss of staff in low-skilled and obsolete positions as we aimed to streamline and create higher efficiencies in our operations.

The number of our employees increased by two from 65 as at 31 March 2015 to 67 as at 31 March 2016. Such increase was mainly due to the recruitment of various managerial personnel, among others, chief financial officer, chief operation officer, chief information officer to assist Mr. Lo, our chairman, CEO and executive Director, and other supporting staff in administrative and finance function for our business expansion and to create higher efficiencies in our operations. An additional technical staff was recruited to our information technology team to meet with growing demand for our system support services and software solution services. A network administration officer was recruited to assist us with the daily in-house maintenance of our information technology infrastructure of all our departments. We also maintained fewer on-site technicians and customer service officers within our operation department following the natural loss of on-site technicians, whose functions were covered by outsourcing of certain technical services to additional independent service providers, and customer service officers, who were mainly responsible for handling hotline enquiry and customer services, given such functions had in large part been outsourced to the independent call centre service provider.

The number of our employees decreased by eight from 67 as at 31 March 2016 to 59 as at 31 July 2016. Such decrease was mainly because we maintained fewer on-site technicians and customer service officers within our operation department following the natural loss of on-site technicians, whose functions were covered by outsourcing of certain technical services to additional independent service providers, and customer service officers, who were mainly responsible for handling hotline enquiry and customer services, given such functions had in large part been outsourced to the independent call centre service provider.

We consider that we have maintained a positive relationship with our employees during the Track Record Period. We have not experienced any strikes, labour disputes or other labour disturbances which have materially and adversely interfered with our business operations.

We have established the remuneration and review management system in accordance with our employees' positions and their responsibilities. The head of each department is responsible for the salary review and promotion appraisal of the employee of its own department.

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, we incurred staff costs (excluding Directors' remuneration) of approximately HK\$10.0 million, HK\$11.6 million and HK\$4.0 million, respectively.

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PROPERTIES

As at the Latest Practicable Date, we have leased four workshops and a car parking space in Hong Kong in connection with our business operations. The leased properties are used for non-property activities as defined under Rule 8.01(2) of the GEM Listing Rules and are principally used as warehouse and repair centre for our operations.

We leased four workshops (in aggregate, of 8,234 square feet) in Hong Kong as our corporate headquarters, warehouse and repair centre and one car parking space in Hong Kong for our business operations with the leases expiring on 31 March 2019. The four workshops and car parking space were leased by our Group from our Controlling Shareholder and his associates, and therefore, constitute continuing connected transaction under the relevant provisions of the GEM Listing Rules. For further details on the units including addresses and usage, please refer to the section headed “Connected transactions” in this prospectus.

In the case we cannot renew a lease or we have an unexpected expansion of manpower, we will seek replacement facilities with reasonable business terms on the market.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Company’s interest in land or buildings, for the reason that no single property interest that forms part of our property activities has a carrying amount of 1% or more of our total assets, and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

LEGAL PROCEEDINGS AND COMPLIANCE

As at the Latest Practicable Date, our Directors confirm that, to their best knowledge, neither our Company nor any of its subsidiaries were aware of any litigation, arbitration proceedings or claim of material importance pending or threatened against our Company or any of our subsidiaries or any of our Directors, that would have material adverse effect on our financial condition or business operation.

As at the Latest Practicable Date, our Directors confirm that, to their best knowledge, neither our Company nor any of our subsidiaries were aware of any material non-compliance matters pending or threatened against our Company or any of our subsidiaries or any of our Directors, that would have material adverse effect on our financial condition or business operation.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

We believe the corporate governance and risk control measures we have implemented and established are important to our business development and success.

Therefore, we have adopted and implemented risk control policies and corporate governance procedures to identify, evaluate and manage risks in respect to various aspects of our business operations. For details of major risk identified by our management, please refer to the section headed “Risk factors” in this prospectus.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will adopt, among others, the following internal control and corporate governance measures:

- Protection of our source code of our self-developed electronic payment standard acceptance certification solution and software solution services. In order to avoid any leakage or misappropriation of source code, we require our information technology workforce employees to enter into standard employment contracts, which contain provisions requiring our information technology workforce employees to keep confidential our proprietary information and business secrets which they have knowledge or access to, and also provides that all intellectual property (including source code) invented or produced by the employees during the course of their employment with us shall belong to us.
- Customer available stock control. We have adopted a series of inventory control to safeguard our customers’ available stock in our warehouse including our warehouse officer checking stock availability upon receipt of customer’s order and verifying the quantity of the products packed before delivery to customers. We have also purchased insurance with sufficient insured amount to compensate for any loss of our customers’ available stock in our warehouse.
- Financial reporting risk management. Any non-compliance with accounting policies may cause inaccuracy in financial statements. We undertake three steps to manage financial reporting risks: (1) adoption of accounting policies, (2) implementation of policies, and (3) review of implementation results. Our finance department formulates our accounting policies. We have in place a set of book closing guidelines in relation to the preparation of monthly management accounts. Our finance department reviews the management accounts prepared based on the guidelines.
- Corporate governance to manage conflicts of interest. We have adopted corporate governance measures to protect our shareholders and to manage potential conflicts of interest with our Controlling Shareholders. For a detailed discussion, please refer to the section headed “Relationship with the Controlling Shareholders” in this prospectus.
- The establishment of an audit committee responsible for overseeing the financial records, internal control systems and risk management procedures of our Group.

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- Compliance with Hong Kong securities laws and regulations. We have appointed Lego Corporate Finance Limited as our compliance adviser with effect from the date of Listing in accordance with the GEM Listing Rules. In addition, we will also engage external legal adviser to advise on ongoing compliance with GEM Listing Rules issues and other applicable securities laws and regulations in Hong Kong.

QUALITY CONTROL

We are committed to provide customers with high-quality services and solutions. To this end, we have established internal operating guidelines to set out and manage the quality control procedures and standards required for our business streams. We have established guidelines setting out the procedures to follow in relation to various aspects of our day-to-day operations. The operation procedures are subject to periodic review. Mr. Lee Ka Ming Kelvin, our chief operation officer, is responsible for overseeing the quality control functions of our Group. For further details of the background of Mr. Lee Ka Ming Kelvin, please refer to the section headed “Directors and senior management” in this prospectus.

To ensure that our EFT-POS System Support Service meet our customers’ requirements, we strictly adhere to the service standards set out in the arrangements with our customers. During the Track Record Period, we did not receive any material complaints in relation to our service standards.

For our sourcing of EFT-POS terminals and peripheral devices, although we rely on the quality control of our suppliers who are typically leading global EFT-POS terminal manufacturers possessing stringent quality control standards, we also conduct random sampling of EFT-POS terminals to ensure that they are working on arrival. We perform full check when we loaded the software to the EFT-POS terminal before deployment to customers.

Our information technology team is responsible for the quality of our software solution services by conducting a series of internal tests as well as conducting limited pilots of software solutions prior to deployment to our customers. For further details on the testing of our software solutions, please refer to the sub-section headed “Business – Products and services – (iii) Software solution services – Testing and pilot” in this prospectus.

LICENCES, PERMITS AND APPROVALS

Our Directors confirmed that only our Hong Kong incorporated subsidiary has business activities in Hong Kong. Our Directors further confirmed that, as at the Latest Practicable Date, no special licence and permit in respect of Hong Kong laws is required as a pre-requisite for us to conduct our business in Hong Kong described in this prospectus other than those which are applicable to Hong Kong companies generally, and we have complied with all applicable laws and regulations in Hong Kong in all material respects.

AWARDS

Whilst we have not received any material awards, our Directors believe that we maintain a high level of reputation within the electronic payment solutions EFT-POS solution provider industry as demonstrated by the standing and calibre of our customers.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

OVERVIEW

Upon the completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme), LCK Group, which is wholly owned by Mr. Lo, will be interested in 75% of the enlarged issued share capital of our Company. As such, Mr. Lo and LCK Group will be our Controlling Shareholders within the meaning of the GEM Listing Rules. For details please refer to the section headed “History, development and Reorganisation” in this prospectus.

Mr. Lo is our Chairman, CEO and executive Director. For details of the background of Mr. Lo, please refer to the sub-section headed “Directors and senior management – Directors” in this prospectus. LCK Group has not carried on any business since its incorporation save for the holding of Shares.

INDEPENDENCE OF OUR GROUP

Our Directors are of the view that we will be able to operate independently from our Controlling Shareholders and their respective close associates (other than our Group) after the Listing for the following reasons:

(i) Management independence

Our Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors are of the view that we are able to operate independently from our Controlling Shareholders notwithstanding that Mr. Lo is an executive Director for the following reasons:

- (a) our executive Directors, supported by our experienced full-time senior management team, oversee the day-to-day management of our Group and are responsible for the operation of our Group’s business;
- (b) each of our Directors is fully aware of their fiduciary duties as Directors and will dedicate their time to the management of our Group;
- (c) we believe our independent non-executive Directors bring independent judgment to the decision-making process of our Board;
- (d) our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest and shall not be counted in the quorum present at the particular Board meeting; and
- (e) Mr. Lo has undertaken that if a conflict of interest situation arises, he shall (i) not vote or be counted in the quorum of any resolution of the Board unless so authorised by the Articles, (ii) refrain from being present during the relevant discussions at Board meetings, and (iii) play no part in the decision-making process of the Board.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Save for Mr. Lo and Ms. Lam, who are directors of certain of the Other Companies (as defined below), none of the other executive Directors or senior management of our Group holds any position in the Other Companies. Apart from the transactions set out in the sections headed “History, development and Reorganisation” and “Connected transactions” in this prospectus, our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing.

(ii) Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have full rights to make all decisions regarding, and to carry out, our own business operations independently. Save for (i) the leasing of certain properties from our Controlling Shareholder and/or his close associates; (ii) the provision of EFT-POS terminal and peripheral device sourcing and EFT-POS System Support Service to EFT Payments; and (iii) the licence of use of a room in one of the properties and provision of relevant office facilities, details of which are set out in the section headed “Connected transactions” in this prospectus, we do not rely on our Controlling Shareholders for our supply, business development, staffing, capital, equipment, intellectual properties or marketing and sales activities upon Listing. Although the Leased Properties (as defined in the section headed “Connected transactions” in this prospectus) represent all premises used for the operations of our Group, given (i) the Tenancy Agreements (as defined in the section headed “Connected transactions” in this prospectus) were entered into on normal commercial terms; and (ii) it would not be difficult for us to lease alternative premises in the same area on comparable terms, our operational independence would not be impacted. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. Save for the above, our Company (through our subsidiaries) holds or enjoys the benefit of all relevant assets and resources necessary to carry on our businesses.

Having considered the above, our Directors are satisfied that they are able to perform their roles in our Group independently, and our Group is capable to operate independently from our Controlling Shareholders after the Listing.

(iii) Financial Independence

During the Track Record Period and up to the Latest Practicable Date, our Group had its own internal control, accounting and financial management system and function, independent treasury functions for cash receipts and payment and we make financial decisions according to our own business needs.

All amounts due from our Controlling Shareholders and their respective close associates as at 31 March 2016 had been settled as at Latest Practicable Date and all balances since then will be settled upon Listing and all guarantees and securities from our Controlling Shareholders for our bank borrowings will be released upon Listing. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders after the Listing.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Based on the above, our Directors believe that we have the ability to operate independently from our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

(iv) Independence from our Controlling Shareholders

Our Controlling Shareholders and Directors confirm that they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 11.04 of the GEM Listing Rules.

OTHER BUSINESSES OPERATED BY OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Lo owned as to 100% of interests in EFT Payments, EFT Payments (China) Limited and Wise Linker Developments Limited, which together with their respective subsidiaries (including Guangzhou Yifude, a subsidiary of EFT Payments (China) Limited) (the “Other Companies”). Ms. Lam is also a director of one of the Other Companies in addition to being a director of Affinity Corporation Limited. Affinity Corporation Limited contracted to rent EFT-POS terminals and provided respective system support services to an Independent Third Party from November 2011 for three years, of which all respective EFT-POS terminals and EFT-POS System Support Service were purchased from and outsourced to our Group. Since the end of the term of such contract in November 2014, Affinity Corporation Limited has been solely engaged in property investment and has ceased to provide any Restricted Business (as defined below).

The Other Companies are principally engaged in promoting and marketing the acceptance of Alipay and WeChat offline payment as means of electronic payment by retail merchants in Hong Kong and the PRC. Alipay and WeChat offline payment offer retail merchants services similar to acquirers to allow the acceptance of offline payment utilising barcode or QR code technologies using EFT-POS terminals and peripheral devices together with payment processing services. The Other Companies (having entered into certain arrangements with Alipay and WeChat offline payment in Hong Kong and the PRC) as a promoter of Alipay and WeChat offline payment, negotiate with retail merchants to accept offline payments through Alipay and WeChat offline payment and deploy EFT-POS terminals and peripheral devices compatible with Alipay and WeChat offline payment to the retail merchants.

To the best knowledge and belief of our Directors, the acquirers generally market and solicit merchants themselves to provide transaction settlement services, purchase EFT-POS terminals from EFT-POS solutions service providers or EFT-POS terminal manufacturers and lease EFT-POS terminals to merchants and engage EFT-POS solutions service providers to provide EFT-POS System Support Services. Alipay and WeChat offline payment provides transaction settlement services to merchants only, and delegate other functions to the Other Companies. The Other Companies, similar to other acquirers, purchase EFT-POS terminals and lease EFT-POS terminals to merchants and engage us to provide EFT-POS System Support Services because the Other Companies focus on the marketing and solicitation of merchants for accepting Alipay and WeChat offline payment and only employ sales and marketing staff and do not possess any technicians and software programmers and are not capable and do not intend

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

to perform technical services. The business model of the Other Companies is in line with the industry norm of the acquirers in this respect. Our Group does not engage in rental of EFT-POS terminals and thus no rental income is recognised thereof, there will be no competition between our Group and the Other Companies in respect of the rental of EFT-POS terminals to merchants by the Other Companies.

For the years ended 31 March 2015 and 2016, the Other Companies sourced relevant EFT-POS terminals and peripheral devices compatible with Alipay and WeChat offline payment and EFT-POS System Support Service from our Group. Since 1 April 2016, the Other Companies other than EFT Payments procure through EFT Payments who in turn engaged us for sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service. During the Track Record Period, there were no overlapping of our customers and the customers of the Other Companies except for one customer who is merchant in each of the years ended 31 March 2015 and 2016. These merchant customers engaged our EFT-POS System Support Services, which accounted for only less than 0.4% and 0.1% of our total revenue of our Group for the respective years. In the same years, the Other Companies received minimal rental fees from these merchant customers by leasing the EFT-POS terminals accepting Alipay and WeChat offline payment.

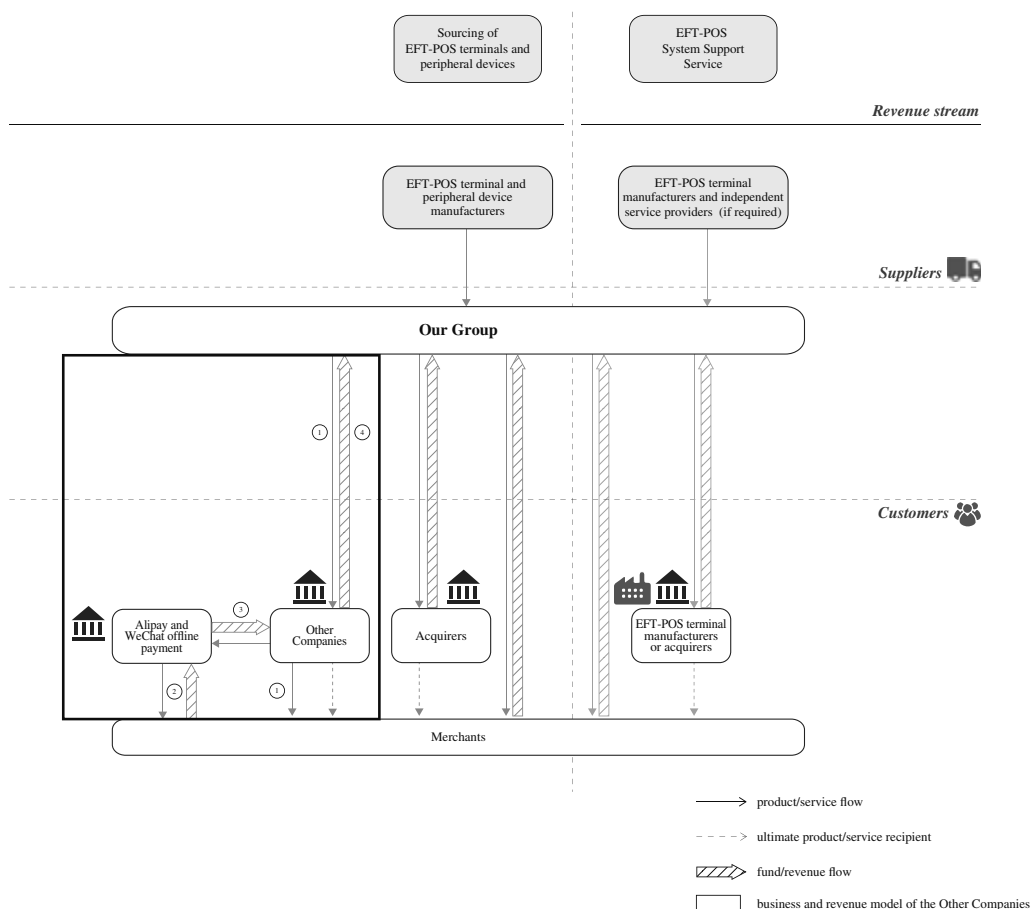
Although the revenue contributed by these merchant customers to our Group during the Track Record Period was insignificant, theoretically other merchant customers of our Group may or will also be customers of the Other Companies in the event that these merchant customers accept Alipay and WeChat offline payment and lease the EFT-POS terminals from the Other Companies. However, our Directors consider that the business of the Other Companies clearly delineates from our business because the business nature of our Group and the Other Companies is completely different given the Other Companies focus on the promotion of the acceptance of Alipay and WeChat offline payment to merchants and in turn engage us for sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service, whereas our Group focuses on the EFT-POS terminal sourcing and EFT-POS System Support Service. As such, our Directors are of the view that our Group and the Other Companies do not and will not have competition among themselves. Please refer to sub-section headed “Delineation of business” in this section below for detail of reasons for the delineation of business of our Group and the Other Companies.

Notwithstanding that our Group sublicenses a minority portion of one of our offices to EFT Payments, our Directors are of the view that the Other Companies are not included in our Group based on the following reasons: (i) the business nature of the Other Companies is focusing on the promotion of the acceptance of Alipay and WeChat offline payment to merchants pursuant to contractual agreements with Alipay and WeChat offline payment, engaging us for sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service; thus the Other Companies are customers of our Group and therefore is the downstream business of our Group, whereas the sales and marketing of our Group focuses on the EFT-POS terminal sourcing and EFT-POS System Support Service clearly delineates the business nature of the Other Companies from that of our Group; (ii) the revenue model of the Other Companies is dependent on the transaction value of the merchants using Alipay and WeChat offline payment while our Group charged fixed monthly fees for our EFT-POS System Support Service and pricing terms of our EFT-POS sourcing were determined on a cost plus basis irrespective of the transaction value of the merchants; (iii) components of cost of sales of the Other Companies mainly include the staff costs of their sales and marketing staff while components of cost of goods sold and services of our Group primarily consisted of staff cost

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for our personnel directly involved in providing EFT-POS System Support Service, sourcing of EFT-POS terminals and peripheral devices and software solution services, costs of inventories recognised as expense and cost of independent service providers; (iv) unlike our Group as a technology company, the Other Companies only employ sales and marketing staff and do not possess any technicians and software programmers to perform technical services; and (v) save for Mr. Lo, there were no overlapping of management and employees between our Group and the Other Companies, and the Other Companies (save for EFT Payments) have their own financial, administrative and operational functions and can operate independently.

The nature and position of the Other Companies shown within the business model of our Group is illustrated in the flowchart below:



Notes:

- 1 The Other Companies have entered into agreements with the Alipay and WeChat offline payment to promote and market the acceptance of Alipay and WeChat offline payment as a means of electronic payment by retail merchants in Hong Kong and the PRC. Alipay and WeChat offline payment delegates industry player who has local presence and industry expertise like the Other Companies to promote and market the acceptance of offline payment through Alipay and WeChat offline payment as means of electronic payment and organises marketing campaigns and offer promotions on the usage of credit and debit card electronic payments. As such, the sales and marketing staff of the Other Companies approaches retail merchant customers and organises marketing campaigns and offer promotions to raise public awareness and interests in using Alipay and WeChat offline payment whilst spending.

Alipay and WeChat offline payment also delegates the process of rental of the EFT-POS terminals accepting offline payment through Alipay and WeChat offline payment to retail merchants including the outsourced system support services to the Other Companies. In the event that the retail merchants agree to accept Alipay

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

and WeChat offline payment, the Other Companies will in turn rent the EFT-POS terminals from their inventory to the retail merchants in return of a monthly rental fee payable by such merchants. The Other Companies are also responsible for the provision of system support services of the EFT-POS terminals, which are fully outsourced to our Group.

- 2 Alipay and WeChat offline payment provide a platform for merchants to accept Alipay and WeChat offline payment and will charge merchants a handling charge. For any transaction conducted through Alipay and WeChat offline payment, the payment will be processed by Alipay and WeChat offline payment and delivered from the accounts of the consumers to the accounts of the retail merchants by Alipay and WeChat offline payment in around one or two days after deducting the handling charges which include the commission to be payable to the Other Companies.
- 3 The Other Companies will invoice to the Alipay and WeChat offline payment instead of the merchants for the commission fee. The commission fee is calculated as a percentage of total transactions sum conducted via Alipay or WeChat offline payment by the merchants solicited by the Other Companies.
- 4 The Other Companies have to source EFT-POS terminals that can accept Alipay and WeChat offline payment in order to deploy the terminals to the newly solicited retail merchants and outsource the system support service to a EFT-POS solution provider. We sell EFT-POS terminals and peripheral devices to the Other Companies and provide EFT-POS System Support Service for those EFT-POS terminals and peripheral devices for a fixed monthly fee with adhoc service fees payable for certain of our services or urgent services at prices determined after arm's length negotiations and with reference to the then prevailing market price of the products and services.

Delineation of Business

Our Directors consider that the business of our Group and the Other Companies have distinctively different focuses. Set out below is a summary of the major differences between the business of our Group and that of the Other Companies:

	Our Group	Other Companies
Scope of principal business:	<ul style="list-style-type: none">• Sourcing of EFT-POS terminals and peripheral devices• Providing EFT-POS System Support Service• Software solution services	<ul style="list-style-type: none">• Promoting and marketing the acceptance of Alipay and WeChat offline payment as means of electronic payment by retail merchants in Hong Kong and the PRC
Market position in the electronic payment industry:	<ul style="list-style-type: none">• EFT-POS solution provider	<ul style="list-style-type: none">• Promoter of Alipay and WeChat offline payment
Major customers:	<ul style="list-style-type: none">• EFT-POS terminal manufacturers• Acquirers	<ul style="list-style-type: none">• Alipay and WeChat offline payment – in the form of commission fee invoiced and payable by Alipay and WeChat offline payment to the Other Companies• Merchants

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

	Our Group	Other Companies
Major suppliers:	<ul style="list-style-type: none">• EFT-POS terminal and peripheral device manufacturers• Independent service providers	<ul style="list-style-type: none">• Supplier of EFT-POS terminals and peripheral devices sourcing and services provider of EFT-POS System Support Service such as our Group
Primary source of revenue:	<ul style="list-style-type: none">• Service and sales revenue	<ul style="list-style-type: none">• Commission fee based on transaction value using Alipay and WeChat offline payment by merchants
Composition of staff:	<ul style="list-style-type: none">• Technicians, software programmer, sales and marketing	<ul style="list-style-type: none">• Sales and marketing

During the Track Record Period, our Group sourced certain EFT-POS terminals and peripheral devices and provided certain EFT-POS System Support Service to certain connected persons, including EFT Payments, Guangzhou Yifude and Affinity Corporation Limited.

Since the Other Companies do not possess any hardware or software capability of EFT-POS solutions, during the Track Record Period, our Group provided EFT-POS terminals and peripheral devices sourcing and EFT-POS System Support Service to the Other Companies. These transactions will continue after Listing, details of which are set out in the section headed “Connected transactions” in this prospectus.

The revenue of the sourcing of EFT-POS terminals and peripheral devices and EFT-POS System Support Service provided to the Other Companies for the years ended 31 March 2015 and 2016 were approximately HK\$2.9 million and HK\$1.4 million, respectively, and to EFT Payments for the four months ended 31 July 2016 amounted to approximately HK\$1.6 million, representing approximately 6.6%, 3.0% and 9.4% of the total revenue of our Group during the relevant years/period, respectively.

As at the Latest Practicable Date, the PRC users of the Alipay and WeChat RMB digital wallet services can use Alipay and WeChat offline payment in the retail merchants in Hong Kong who accept Alipay and WeChat offline payment for goods and services as a cross-border payment. To the best knowledge and belief of our Directors, Hong Kong users of the Alipay and WeChat Hong Kong dollar digital wallet services could not pay for goods and services in Hong Kong using Alipay and WeChat offline payment as at the Latest Practicable Date. The number of retail stores equipped with Alipay and WeChat offline payment function in Hong Kong was very small and fragmented in past few years when Alipay and WeChat offline payment’s overseas development was in beginning stage but it has grown rapidly in recent years. In the event Alipay and WeChat offline payment accepts Hong Kong dollar digital wallet services in Hong Kong in the future and Alipay and WeChat offline payment engages the Other Companies to promote and market their acceptance, it is the current intention of the Other Companies to in turn engage our Group for EFT-POS terminal sourcing and EFT-POS system support service which will be beneficial to our Group, yet our Directors consider that the business of the Other Companies delineates from our business by business nature but not the geographical delineation for the reasons set out in sub-section headed “Delineation of business” in this section above.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Apart from the different natures of business and revenue model of our Group and the Other Companies, their major customers and suppliers are also different. Furthermore, they employ different expertise to conduct their businesses. In view of the above distinct differences of the two businesses, our Directors consider that our business is clearly delineated from the business of the Other Companies and the Other Companies are not in competition with our Group.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to operate independently.

DEED OF NON-COMPETITION

We entered into the Deed of Non-Competition with Mr. Lo and LCK Group on 23 November 2016, under which our Controlling Shareholders jointly and severally agreed not to, whether as principal or agent and whether undertaken directly or indirectly (including through any close associate, subsidiary, partnership, joint venture or other contractual arrangement of theirs) and whether for profit or otherwise, carry on, participate or be interested, engage or otherwise be involved in or acquire or hold shares or interests in any business which is in competition, directly or indirectly, or is likely to be in competition, directly or indirectly, with the business referred to in this prospectus that is carried on by our Group in Hong Kong, Macau and such other territories that our Group may conduct or carry on business from time to time, including but not limited to the sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS System Support Service, and development of project-based software solution services in Hong Kong and Macau (the “Restricted Business”).

Notwithstanding the above, the undertaking does not apply with respect to the holding of or being interested in, directly or indirectly, any shares in any company or business which competes, conducts or is engaged in, directly or indirectly, any Restricted Business, provided that:

- (a) the holding of shares or other securities issued by our Company or any of the subsidiaries from time to time;
- (b) the holding of shares or other securities in any company which has an involvement in the Restricted Business, provided that such shares or securities are listed on a recognised stock exchange and the aggregate interest of our Controlling Shareholders and their respective associates (as “interest” is construed in accordance with the provisions contained in Part XV of the SFO) do not amount to more than 5% of the relevant share capital of the company in question; and
- (c) the involvement or participation of our Controlling Shareholders in a Restricted Business has first been offered or made available to our Company and our Group in accordance with the Deed of Non-Competition and our Group, after review and approval by the independent non-executive Directors, has declined such opportunity to be involved in or to participate in the Restricted Business subject to any conditions the independent non-executive Directors may require to be imposed.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Options for New Opportunities

Each of our Controlling Shareholders has undertaken in the Deed of Non-Competition that during the term of the Deed of Non-Competition, if a new business opportunity which is, or is likely to be, in direct or indirect competition with the Restricted Business is made available to any Controlling Shareholder or its/his respective close associates, such Controlling Shareholder will or will procure that its/his associates will notify us in writing with such information that is reasonably necessary for us to consider whether or not to pursue such business opportunity (the “Offer Notice”). We are entitled to decide whether or not to take up such business opportunity within 15 business days from receiving the Offer Notice.

If we decide not to take up the new business opportunity for any reason or do not respond to our Controlling Shareholder and/or its/his respective affiliates (as the case maybe) within 15 business days from receiving the Offer Notice, such Controlling Shareholder or its/his affiliates may pursue such new business opportunity at their discretion, subject to compliance with the applicable requirements under the GEM Listing Rules.

Our Board committee comprising only independent non-executive Directors (the “Independent Board Committee”) will be responsible for reviewing, considering and deciding whether or not to take up a new business opportunity referred to us by our Controlling Shareholders and/or their affiliates. When we receive the Offer Notice from our Controlling Shareholders and/or its/his associates, we will inform our Directors (including the independent non-executive Directors) and members of our senior management team in writing immediately and the executive Directors together with other senior management members of our Company will, within five business days of being informed of such business opportunity, present a written memorandum setting out an analysis of such business opportunity and their recommendation and proposals in respect of such business opportunity to an independent board committee of our Company, comprising only of the independent non-executive Directors who do not have a material interest in such business opportunity. The Independent Board Committee shall convene a meeting to consider such business opportunity and the recommendations and proposals presented by the executive Directors together with other senior management members of our Company and to decide whether to pursue or decline such business opportunity.

Further Undertakings from Our Controlling Shareholders

Each of our Controlling Shareholders has further undertaken that:

- (i) it/he shall provide, or to shall procure its/his close associates to provide all information necessary for the annual review by our independent non-executive Directors with regard to the compliance with and enforcement of the Deed of Non-Competition;
- (ii) it/he agrees that we disclose decisions on matters reviewed by our independent non-executive Directors related to the compliance with and enforcement of the Deed of Non-Competition in our annual report, or by way of announcement; and
- (iii) it/he will make an annual declaration to our Company and our independent non-executive Directors annually regarding its compliance with the Deed of Non-Competition for us to disclose in our corporate governance report in our annual report.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

The Deed of Non-Competition will become effective upon Listing and remain in full force and be terminated upon the earlier of (i) the date on which our Shares cease to be listed on the Stock Exchange; or (ii) the date on which (a) our Controlling Shareholders, individually or collectively (whether or not with their respective close associates), cease to own, directly or indirectly, 30% or more of the then issued share capital of our Company (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer as required thereunder); (b) our Controlling Shareholders, cease to control the composition of a majority of the Board; and (c) none of our Controlling Shareholders, and will procure their respective close associates to remain as a director or senior management of any member of our Group; whichever occurs first.

CORPORATE GOVERNANCE MEASURES

We will adopt the following corporate governance measures to manage any potential conflicts of interest arising from competing business and to safeguard the interests of our Shareholders:

- (i) we will provide to our independent non-executive Directors the Offer Notice delivered to us by our Controlling Shareholders within seven days of receipt;
- (ii) our Directors consider that our independent non-executive Directors have sufficient experience in assessing whether or not to take up the new business opportunities or exercise our pre-emptive right. In any event, our independent non-executive Directors may appoint a financial advisor or professional expert to provide advice, at the cost of our Company, in connection with the exercise or non-exercise of the option or pre-emptive right under the Deed of Non-Competition;
- (iii) our independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by our Controlling Shareholders under the Deed of Non-Competition;
- (iv) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and professional advisors of our Company with regard to the compliance with and enforcement of the undertakings contained in the Deed of Non-Competition;
- (v) our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance with and the enforcement of the non-competition undertaking by our Controlling Shareholders under the Deed of Non-Competition in the annual reports of our Company; and
- (vi) each of our Controlling Shareholders has undertaken to make an annual declaration on his/its compliance with the Deed of Non-Competition in the annual reports.

LOCK-UP UNDERTAKINGS

Each of our Controlling Shareholders has given certain undertakings to our Company, the Sole Sponsor, the Sole Lead Manager and the Underwriters, details of which are set out under the sub-section headed “Underwriting – Undertakings pursuant to the Underwriting Agreements” in this prospectus.

CONNECTED TRANSACTIONS

During the Track Record Period, our Group entered into a number of related party transactions, details of which are set out in Note 32 to the Accountants' Report as set out in Appendix I to this prospectus. Save as described below, these related party transactions had been discontinued as at the Latest Practicable Date.

Following the Listing, the following transactions will continue between our Group, Mr. Lo, Ms. Lam, Mr. Lo Chun Wa and EFT Payments and will constitute continuing connected transactions under the GEM Listing Rules. EFT Payments is a company incorporated in Hong Kong with limited liability and is principally engaged in promoting and marketing the acceptance of Alipay as means of electronic payment by retail merchants in Hong Kong and is wholly owned by Mr. Lo (our Chairman, CEO, executive Director and Controlling Shareholder). As such, EFT Payments is a connected person pursuant to the GEM Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon Listing, the following transactions will be regarded as exempted continuing connected transactions of our Group under Chapter 20 of the GEM Listing Rules.

Office Facilities Agreement

On 17 June 2016, our Company entered into an office facilities agreement (the "Office Facilities Agreement") with EFT Payments, pursuant to which our Group agreed to provide office facilities to EFT Payments from 1 July 2016 to 31 March 2019. Such office facilities include administration, personnel, accounting services, and provision of stationery, courier, electricity and water in the office (but excluding direct expenses incurred by EFT Payments). The monthly charge payable by EFT Payments to our Company under the Office Facilities Agreement is HK\$5,000. The Office Facilities Agreement was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly charge is payable in advance on the first day of each and every successive calendar month. The total annual charges payable to EFT Solutions shall be HK\$60,000 for the year ending 31 March 2017, HK\$60,000 for the year ending 31 March 2018 and HK\$60,000 for the year ending 31 March 2019.

Licence Agreement

On 21 June 2016, EFT Solutions (as licensor) and EFT Payments (as licensee) entered into a licence agreement (the "Licence Agreement"), pursuant to which EFT Solutions agreed to license the use of a room (the "Room") in Workshop B1, 11/F., Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong (of approximately 370 square feet) occupied by EFT Solutions to EFT Payments, of which the Room has been occupied by EFT Payments since July 2014, for a period commencing on 1 July 2016 and expiring on 31 March 2019 unless terminated earlier, for a deposit of a sum of HK\$10,400 (returnable to EFT Payments without interest within 14 days after the expiration of the term of the Licence Agreement) and at an aggregate monthly licence fee of HK\$5,200, which was

CONNECTED TRANSACTIONS

agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly licence fee is payable in advance on the first day of each and every successive calendar month. The total annual licence fee payable by EFT Payments to us shall be HK\$46,800 for the year ending 31 March 2017, HK\$62,400 for the year ending 31 March 2018 and HK\$62,400 for the year ending 31 March 2019.

In respect of Rule 20.79 of the GEM Listing Rules, the maximum annual cap, if any, of the Office Facilities Agreement and the Licence Agreement in aggregate (together the "Office Agreements") shall not exceed the applicable limit set out below:

	For the year ending 31 March		
	2017	2018	2019
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Charges and fees payable under the Office Agreements	132,800	132,800	132,800

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, the aggregate amount received by EFT Solutions from EFT Payments regarding the above amounted to approximately HK\$60,000, HK\$60,000 and HK\$25,200, respectively.

An independent valuer was engaged to advise whether the licence fee of the Room are in line with the market rent. The independent valuer confirmed that the licence fee of the Room is in line with the market rent and reflects the prevailing market rate as at the date of the Licence Agreement, i.e. 21 June 2016.

Pursuant to Rule 20.74 of the GEM Listing Rules, the relevant applicable percentage ratios (as prescribed under Chapter 20 of the GEM Listing Rules) of the transaction contemplated under the Office Agreements for each of the three years ending 31 March 2019, on an annual basis, is less than 5% and the total consideration is less than HK\$3,000,000. Therefore, upon Listing, the continuing connected transactions under the Office Agreements would be exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Our Directors (including the independent non-executive Directors) considered that the continuing connected transactions under the Office Agreements as described above have been entered into in the ordinary and usual course of business of our Group and have been based on arm's length negotiations and on normal commercial terms that are fair and reasonable, the respective terms of the Office Agreements as mentioned above are fair and reasonable and in the interests of the Shareholders as a whole.

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon Listing, the following transactions will be regarded as non-exempt continuing connected transactions of our Group under Chapter 20 of the GEM Listing Rules.

Tenancy Agreements

Mr. Lo

During the Track Record Period, EFT Solutions occupied the following properties, which are solely owned by Mr. Lo:

Address	Floor area (sq.f.)	Use of property
Workshop A3, 1/F Yip Fung Industrial Building 28-36 Kwai Fung Crescent Kwai Chung, New Territories Hong Kong	2,600	For warehouse, repair centre and office use
Workshop B1, 11/F Yip Fung Industrial Building 28-36 Kwai Fung Crescent Kwai Chung, New Territories Hong Kong	2,127	For warehouse, repair centre and office use

On 17 June 2016, EFT Solutions (as tenant) and Mr. Lo (as landlord) entered into tenancy agreements, pursuant to which EFT Solutions agreed to rent the aforesaid properties for a term commencing on 1 July 2016 and expiring on 31 March 2019 (both days inclusive) for a deposit of HK\$132,000 at an aggregate monthly rent of HK\$66,000 (comprising HK\$36,000 monthly rent for Workshop A3, 1/F and HK\$30,000 monthly rent for Workshop B1, 11/F) (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month. The total annual rent payable by EFT Solutions to Mr. Lo for the lease of the aforesaid properties shall be HK\$792,000 for the year ending 31 March 2017, HK\$792,000 for the year ending 31 March 2018 and HK\$792,000 for the year ending 31 March 2019.

Workshop A3, 1/F has been occupied by our Group since June 2014 and Workshop B1, 11/F has been occupied by our Group since July 2014. For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, the aggregate amount of rents paid by our Group to Mr. Lo for the lease of the aforesaid properties amounted to approximately HK\$630,000, approximately HK\$792,000 and approximately HK\$264,000, respectively.

CONNECTED TRANSACTIONS

Ms. Lam

During the Track Record Period, EFT Solutions occupied the following properties, which are solely owned by Ms. Lam:

Address	Floor area (sq.f.)	Use of property
Workshop B3, 11/F Yip Fung Industrial Building 28-36 Kwai Fung Crescent Kwai Chung, New Territories Hong Kong	1,639	For warehouse, repair centre and office use
Carpark V2 Yip Fung Industrial Building 28-36 Kwai Fung Crescent Kwai Chung, New Territories Hong Kong	n/a	For carpark use

On 17 June 2016, EFT Solutions (as tenant) and Ms. Lam (as landlord) entered into tenancy agreements, pursuant to which EFT Solutions agreed to rent the aforesaid properties for a term commencing on 1 July 2016 and expiring on 31 March 2019 (both days inclusive) for a deposit of HK\$54,000 at an aggregate monthly rent of HK\$27,000 (comprising HK\$22,500 monthly rent for Workshop B3 and HK\$4,500 monthly rent for carpark V2) (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month. The total annual rent payable by EFT Solutions to Ms. Lam for the lease of the aforesaid properties shall be HK\$324,000 for the year ending 31 March 2017, HK\$324,000 for the year ending 31 March 2018 and HK\$324,000 for the year ending 31 March 2019.

Workshop B3, 11/F and carpark V2 have been occupied by our Group since November 2014. For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, the aggregate amount of rents paid by our Group to Ms. Lam for the lease of the aforesaid properties amounted to approximately HK\$135,000, approximately HK\$324,000 and HK\$108,000, respectively.

CONNECTED TRANSACTIONS

Mr. Lo and Mr. Lo Chun Wa

During the Track Record Period, EFT Solutions occupied the following property, which is jointly owned by Mr. Lo and Mr. Lo Chun Wa:

Address	Floor area (sq.f.)	Use of property
Workshop A1, 4/F Yip Fung Industrial Building 28-36 Kwai Fung Crescent Kwai Chung, New Territories Hong Kong	1,868	For warehouse use

On 17 June 2016, EFT Solutions (as tenant) and Mr. Lo and Mr. Lo Chun Wa (jointly as landlord) entered into a tenancy agreement, pursuant to which EFT Solutions agreed to rent the aforesaid property for a term commencing on 1 July 2016 and expiring on 31 March 2019 (both days inclusive) for a deposit of HK\$60,000 at an aggregate monthly rent of HK\$30,000 (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month. The total annual rent paid or payable by EFT Solutions to Mr. Lo and Mr. Lo Chun Wa jointly for the lease of the aforesaid property shall be HK\$360,000 for the year ending 31 March 2017, HK\$360,000 for the year ending 31 March 2018 and HK\$360,000 for the year ending 31 March 2019.

Workshop A1, 4/F has been occupied by our Group since September 2015. For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, the aggregate amount of rents paid by our Group to Mr. Lo and Mr. Lo Chun Wa jointly for the lease of the aforesaid property amounted to nil, approximately HK\$210,000 and approximately HK\$120,000, respectively.

The above properties leased by our Group from Mr. Lo, Ms. Lam and Mr. Lo Chun Wa (the "Leased Properties") have been occupied by our Group as its principal places of business in Hong Kong. Having considered the rentals of comparable office, workshop and logistics premises in the same location, and renovation and associated costs which our Group may incur if it moves out of the Leased Properties, our Directors consider that it is desirable and in the interests of our Company and the Shareholders as a whole to continue using the Leased Properties as the principal places of business of our Group in Hong Kong.

An independent valuer has conducted a valuation of fair rent of the Leased Properties. The result of such valuation confirmed that the rental of the Leased Properties are in line with the market rent and reflect the prevailing market rate as at the date of the tenancy agreements for the Leased Properties (the "Tenancy Agreements"), i.e. 21 June 2016, the valuation date.

CONNECTED TRANSACTIONS

In respect of Rule 20.79 of the GEM Listing Rules, the maximum annual cap, if any, of the rental of the Leased Properties in aggregate shall not exceed the applicable limit set out below:

	For the year ending 31 March		
	2017	2018	2019
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Annual rental of the Leased Properties	1,476,000	1,476,000	1,476,000

Pursuant to Rule 20.74 of the GEM Listing Rules, the relevant applicable percentage ratios (as prescribed under Chapter 20 of the GEM Listing Rules) of the transactions contemplated under the Tenancy Agreements for each of the three years ending 31 March 2019, on an annual basis, exceed 5% but is less than 25% and the total consideration is less than HK\$10,000,000. Therefore, upon Listing, the continuing connected transactions under the Tenancy Agreements would be subject to reporting, announcement and annual review requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Our Directors (including the independent non-executive Directors) and the Sole Sponsor considered that the continuing connected transactions under the Tenancy Agreements as described above have been entered into in the ordinary and usual course of business of our Group and have been based on arm's length negotiations and on normal commercial terms that are fair and reasonable, the terms of the Tenancy Agreements and the aggregate annual caps as mentioned above are fair and reasonable and in the interests of the Shareholders as a whole.

Master Supply and Service Agreement

On 17 June 2016, our Company entered into a master supply and services agreement (the "Master Supply and Services Agreement") (as supplemented and amended on 14 November 2016) with EFT Payments, pursuant to which our Group agreed to (i) sell and EFT Payments agreed to purchase EFT-POS terminals and peripheral devices in accordance with the specifications and at the purchase price set out in each individual purchase order (the "Purchaser Order") as may from time to time be offered by EFT Payments and accepted by our Group; and (ii) provide EFT-POS System Support Service to EFT Payments with effect from the Listing Date. EFT-POS System Support Service comprise of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments. Our Group also provides hotline services and merchant training.

The terms of the Master Supply and Service Agreement will commence on the Listing Date and will expire on 31 March 2019. Either party may terminate the Master Supply and Service Agreement by serving a notice of not less than three months to the other.

The purchase price in each Purchase Order placed by EFT Payments to our Group shall be determined after arm's length negotiations between EFT Payments and our Group from time to time with reference to the then prevailing market price of similar products in the market and that in any event shall be no less favourable to our Company than that offered to Independent Third Parties by our Company.

CONNECTED TRANSACTIONS

The monthly system support fee payable by EFT Payments to our Group is based on the number of terminals deployed by EFT Payments multiplied by a system support fee which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates and that in any event shall be no less favourable to our Company than that offered to Independent Third Parties by our Company. The monthly system support fee is payable in arrears within 30 days of the invoice issued by EFT Solutions on the first day of each and every successive calendar month.

Our Directors confirmed that the transactions with EFT Payments during the Track Record Period were (i) conducted on normal commercial terms; (ii) carried out in our Group's ordinary and usual course of business; and (iii) fair and reasonable, and in the interest of the Shareholders as a whole.

For the year ended 31 March 2015, we have also provided the aforesaid services to the Other Companies other than EFT Payments. Since the year ended 31 March 2016, the Other Companies other than EFT Payments obtained the aforesaid services through EFT Payments who in turn engaged us. For the years ended 31 March 2015 and 2016, the aggregate amount of purchase price and system support fees paid by the Other Companies to us amounted to approximately HK\$2.9 million and HK\$1.4 million, respectively and by EFT Payments amounted to approximately HK\$1.6 million for the four months ended 31 July 2016.

The historical purchase amount and system support fees paid by Other Companies to our Group for each of the two years ended 31 March 2015 and 2016 and the amount for the seven months ended 31 October 2016, respectively, amounted to approximately HK\$2.9 million, HK\$1.4 million and HK\$2.7 million, respectively, of which amount of sourcing of EFT-POS terminals and peripheral devices were approximately HK\$2.8 million, HK\$1.1 million and HK\$2.4 million, respectively and amount of EFT-POS System Support Service were approximately HK\$0.1 million, HK\$0.3 million and HK\$0.3 million, respectively. The decrease in the amount paid by the Other Companies to our Group from the year ended 31 March 2015 to the year ended 31 March 2016 was mainly because (i) the Other Companies ordered more EFT-POS terminals and peripheral devices for their initial operation in the year ended 31 March 2015 for the start-up of their business; (ii) moderate initial acceptance of the Alipay and WeChat offline payment platforms in the year ended 31 March 2015 with an average monthly deployment rate of EFT-POS terminals which is lower than the average monthly deployment rate of EFT-POS terminals of the year ended 31 March 2016 as it was still at the early stage promotion of Alipay and WeChat offline payment; and (iii) the Other Companies were required to purchase less EFT-POS terminals and peripheral devices from our Group in the year ended 31 March 2016 given they had utilised available stock procured during the year ended 31 March 2015. The annualised amount of sourcing of EFT-POS terminals and peripheral devices sourced by the Other Companies from our Group for the seven months ended 31 October 2016 is higher than the amount of that for the year ended 31 March 2016, which was mainly due to the higher demand from acquirers and merchants for EFT-POS terminals with integrated mobile payment functions given the increasing popularity of mobile payment such as Alipay and WeChat offline payment and thus the deployment rates of such EFT-POS terminals increased accordingly. As a result of the higher deployment rates, the respective service fee for system support service increased progressively as the fee is cumulative once the EFT-POS terminals are deployed.

CONNECTED TRANSACTIONS

Our Directors estimate that the annual purchase price and system support fees payable by EFT Payments to us under the Master Supply and Services Agreement for the three years ending 31 March 2019 will not exceed HK\$5,000,000, HK\$5,000,000 and HK\$5,000,000, respectively. In determining the annual caps, our Directors have considered (i) the historical purchase price and system support fees due from the Other Companies for each of the two years ended 31 March 2015 and 2016; and (ii) the expected demand and/or sales and deployment of terminals for the three years ending 31 March 2019. Having considered (i) the historical purchase price and system support fees paid by the Other Companies to us during the Track Record Period was HK\$2.9 million for the year ended 31 March 2015 and HK\$1.4 million for the year ended 31 March 2016, respectively; (ii) the transaction amounts between our Group and EFT Payments for the seven months ended 31 October 2016 accounted for approximately 54.4% of the annual cap of HK\$5,000,000; (iii) the higher average monthly deployment rate of EFT-POS terminals by the Other Companies for the seven months ended 31 October 2016 as compared to those for the years ended 31 March 2015 and 2016; and (iv) the service fee for system support service is cumulative once the EFT-POS terminals are deployed and increases progressively depending on the number of terminals deployed and the monthly service fee payable to our Group by the Other Companies for EFT-POS System Support Service based on the number of terminals deployed as at 31 October 2016 amounted to approximately HK\$75,000, our Directors consider that the annual cap of HK\$5,000,000 to cater for potential demand is fair and reasonable in this regard.

Upon Listing, the Master Supply and Services Agreement with EFT Payments will constitute continuing connected transactions of our Company under the GEM Listing Rules. Pursuant to Chapter 20 of the GEM Listing Rules, the relevant applicable percentage ratios (as prescribed under Rule 19.07 of the GEM Listing Rules) of the transactions contemplated under the Master Supply and Services Agreement for each of the three financial years ending 31 March 2019, on an annual basis, will exceed 25%. Therefore, upon Listing, the continuing connected transactions under the Master Supply and Services Agreement would be subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Our Directors (including the independent non-executive Directors) and the Sole Sponsor considered that the continuing connected transactions under the Master Supply and Services Agreement as described above have been entered into in the ordinary and usual course of business of our Group and have been based on arm's length negotiations and on normal commercial terms that are fair and reasonable, the terms of the Master Supply and Services Agreement and the annual caps as mentioned above are fair and reasonable and in the interests of the Shareholders as a whole.

CONNECTED TRANSACTIONS

WAIVER APPLICATION FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the continuing connected transactions under the Tenancy Agreements and the Master Supply and Service Agreement described above are expected to continue on a recurring basis following completion of the Share Offer, have been entered into prior to the Listing Date and fully disclosed in this prospectus and have been entered into and are conducted in the ordinary and usual course of our Company's business and on normal commercial terms that are beneficial to the Shareholders as a whole and are fair and reasonable, our Directors consider that strict compliance with the announcement and (where applicable) the circular and independent shareholders' approval requirements under the GEM Listing Rules would be impracticable, unduly burdensome and would add unnecessary administrative costs to our Company each time when such transactions arise.

Accordingly, our Company, pursuant to Rule 20.103 of the GEM Listing Rules, has applied to the Stock Exchange for and the Stock Exchange has granted waivers from strict compliance with the announcement and (where applicable) the circular and independent shareholders' approval requirements in respect of the continuing connected transactions described above for the three years ending 31 March 2019, provided that the annual transaction amounts in respect of such continuing connected transactions do not exceed the respective annual caps. Our Company will comply with other applicable provisions set out in Chapter 20 of the GEM Listing Rules in relation to each respective continuing connected transaction of our Group. In the event of any further amendments to the GEM Listing Rules imposing more stringent requirements, our Company will take appropriate steps to ensure compliance with such requirements within a reasonable period of time.

DIRECTORS AND SENIOR MANAGEMENT

SUMMARY INFORMATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth information regarding our current Directors and senior management.

Name	Age	Position/Title	Responsibilities	Date of initial appointment as Director	Date of joining our Group ¹	Relationship with other Directors and senior management
Directors						
Mr. Lo Chun Kit Andrew (勞俊傑)	41	Chairman, CEO and executive Director	Supervising overall management and strategy planning of our Group and being responsible for our daily operation and management	26 May 2016	11 February 2004 ²	Spouse of Ms. Lam, Eldest brother of Mr. Lo Chun Wa
Mr. Lo Chun Wa (勞俊華)	32	Executive Director and customer service manager	Formulating our corporate and business strategies as well as our daily operation and management of customer service	17 June 2016	1 April 2009	Youngest brother of Mr. Lo, Brother-in-law of Ms. Lam
Ms. Lam Ching Man (林靜文)	41	Non-executive Director	Formulating the overall strategy and supervising the administration of our Group	17 June 2016	25 June 2005 ³	Spouse of Mr. Lo, Sister-in-law of Mr. Lo Chun Wa
Mr. Lam Keung (林強)	44	Independent non-executive Director	Supervising and providing independent judgment to the Board	23 November 2016	23 November 2016	None
Mr. Lui Hin Weng Samuel (呂顯榮)	42	Independent non-executive Director	Supervising and providing independent judgment to the Board	23 November 2016	23 November 2016	None
Mr. Pang Victor Ho Man (彭灝文)	37	Independent non-executive Director	Supervising and providing independent judgment to the Board	23 November 2016	23 November 2016	None

Notes:

- 1 The date of joining our Group in respect of each of the independent non-executive Directors is the date he/she was initially appointed as a Director.
- 2 Mr. Lo was a first director of EFT Solutions and resigned from EFT Solutions on 25 June 2005, re-joined EFT Solutions as director on 13 August 2008.
- 3 Ms. Lam resigned from EFT Solutions on 13 August 2008, re-joined EFT Solutions as director on 22 April 2013 then resigned from EFT Solutions on 14 February 2015 and was appointed as non-executive Director on 17 June 2016.

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position/Title	Responsibilities	Date of initial appointment as senior management	Date of joining our Group
Senior Management					
Ms. Chan Sze Wan Stephenie (陳詩韻)	41	Chief financial officer	Overseeing the finance functions of our Group and assisting the CEO in financial planning	17 June 2016	23 November 2015
Mr. Lee Ka Ming Kelvin (利家明)	42	Chief operation officer	Participating in daily management and supervising customer and technical service provision	17 June 2016 ¹	11 February 2004
Mr. Chan Wai To (陳偉道)	40	Chief information officer	Being responsible for the planning and overseeing of electronic payment software development and technical support	17 June 2016	29 September 2015
Mr. Cheung Chun Bong (張振邦)	39	Chief procurement and logistics officer	Managing the logistics of delivery of payment terminals and being responsible for payment terminals repair work and in-house information technology support	17 June 2016	1 April 2009
Mr. Cheung Chung Ching (張聰正)	30	Project manager	Being responsible for overseeing system support and software solution services projects	17 June 2016	12 October 2009

Note:

- 1 Mr. Lee Ka Ming Kelvin was a first director of EFT Solutions and resigned from EFT Solutions on 27 December 2006, re-joined EFT Solutions as chief operation officer on 20 July 2015.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The term of service for Directors is three years, and Directors are permitted to be re-elected. Responsibilities of the Board include but are not limited to (i) convening Shareholders' meetings, reporting on the Board's work at these meetings, implementing the Shareholders' resolutions passed at these meetings; (ii) determining business operation, financial, capital and investment plans; (iii) determining internal management structure, setting down fundamental management rules; (iv) appointing and discharging members of senior management, determining Directors' remuneration and formulating our proposals for profit distributions and for the increase or reduction of registered capital; and (v) taking responsibilities pursuant to the relevant laws, regulation and the Articles of Association.

Directors

Mr. LO Chun Kit Andrew (勞俊傑)
Chairman, CEO and executive Director

Mr. Lo Chun Kit Andrew, aged 41, is our Chairman, CEO and an executive Director. Mr. Lo is responsible for supervising overall management and strategy planning of our Group as well as our daily operation and management. As one of the founders of our Group, Mr. Lo was appointed as the director and has worked as the chief executive officer of EFT Solutions since August 2008. He was appointed as our Chairman, CEO and an executive Director of our Company in June 2016.

Mr. Lo is experienced in electronic payment solutions, having worked in the industry since February 1997. Prior to joining our Group, Mr. Lo worked in a range of positions in Ingenico International (Pacific) Pty Limited from February 1997 to November 2005 and his last position was the general manager of the Hong Kong branch, throughout the period being responsible for electronic payment solution development as well as sales and service support; as a technical director from December 2005 to December 2006, responsible for electronic payment solution development for taxi industry in New York, the United States; and as the head of merchant relationship and services in Hang Seng Bank Limited (stock code: 0011) from February 2007 to August 2008, responsible for credit card payment support services for merchants in Hong Kong and Macau.

Mr. Lo is currently also a director of EFT Solutions and EFT Solutions International.

Mr. Lo obtained a bachelor's degree in science from The University of Western Ontario in Canada in June 1996.

Mr. Lo is the spouse of Ms. Lam and the eldest brother of Mr. Lo Chun Wa.

DIRECTORS AND SENIOR MANAGEMENT

Mr. LO Chun Wa (勞俊華)

Executive Director and customer service manager

Mr. Lo Chun Wa, aged 32, is our an executive Director and customer service manager. Mr. Lo Chun Wa is responsible for formulating our corporate and business strategies as well as our daily operation and management of customer service. Mr. Lo Chun Wa has worked as the customer service manager of EFT Solutions since April 2009. Mr. Lo Chun Wa was appointed as an executive Director of our Company in June 2016.

Mr. Lo Chun Wa is experienced in electronic payment solutions. Prior to joining our Group, Mr. Lo Chun Wa worked as a customer senior officer in Ingenico International (Pacific) Pty Limited from December 2002 to February 2004, responsible for on-site EFT-POS hardware maintenance support. Mr. Lo Chun Wa studied in Canada prior to his return to work as a service officer in Ingenico International (Pacific) Pty Limited from August 2006 to December 2007, responsible for managing technicians to give EFT-POS terminal maintenance; and as a service officer in Crown Base Asia Pacific Limited from January 2008 to March 2009, responsible for customer service and providing technical support.

Mr. Lo Chun Wa is the youngest brother of Mr. Lo and the brother-in-law of Ms. Lam.

Ms. LAM Ching Man (林靜文)

Non-executive Director

Ms. Lam Ching Man, aged 41, is our non-executive Director. Ms. Lam is responsible for formulating the overall strategy and supervising the administration of our Group. Ms. Lam was appointed as a director of EFT Solutions for the periods from June 2005 to August 2008 and from April 2013 to February 2015, respectively. Ms. Lam was appointed as a non-executive Director of our Company in June 2016.

Ms. Lam was employed to an administrative role in Lucullus Food & Wines Co., Ltd from February 1994 to August 1996, and in Asian Sources Publications Limited from November 1996 to November 2005, respectively.

Ms. Lam completed her secondary education in the Caritas Institute for Further & Adult Education - Kowloon in Hong Kong in July 1993.

Ms. Lam is the spouse of Mr. Lo, and the sister-in-law of Mr. Lo Chun Wa.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. LAM Keung (林強)

Independent non-executive Director

Mr. Lam Keung, aged 44, is an independent non-executive Director. Mr. Lam is responsible for supervising and providing independent judgment to the Board. Mr. Lam was appointed as an independent non-executive Director of our Company in 23 November 2016.

Mr. Lam possesses over 21 years of experience in integrated circuit and semi-conductor industry. Mr. Lam is experienced in marketing and sales of electronic products and related solutions. Prior to joining our Group, Mr. Lam worked as an assistant sales manager in Rohm Electronics (H.K.) Company Limited (currently known as Rohm Semiconductor Hong Kong Company Limited) from September 1995 to August 2003, responsible for sales of integrated circuit products; and as a senior market manager in Synergy International Technology Limited from October 2003 to February 2010, responsible for sales and marketing of provision of semi-conductor solutions. Mr. Lam has been a director of IH Technology Limited since November 2010, responsible for supervising overall operations and strategic planning of the provision of semi-conductor solutions; and a director of Flying Electronics Limited, responsible for supervising overall operations and strategic planning of the provision of semi-conductor solutions.

Mr. Lam obtained a bachelor's degree in electrical engineering from the University of Tennessee in the United States in December 1993.

Mr. LUI Hin Weng Samuel (呂顯榮)

Independent non-executive Director

Mr. Lui Hin Weng Samuel, aged 42, is an independent non-executive Director. Mr. Lui is responsible for supervising and providing independent judgment to the Board. Mr. Lui was appointed as an independent non-executive Director of our Company in 23 November 2016. Mr. Lui has about 18 years of experience in capital markets, investment banking, private equity, financial and risk management, compliance and auditing.

Mr. Lui is currently the owner and operator of a business advisory firm, namely Lesaka (HK) Limited, providing consulting services relating to strategic planning, business development, investor relations, capital management, risk control management and compliance. From December 2013 to May 2015, Mr. Lui was the chief financial officer of ELL Environmental Holdings Limited (stock code: 1395). From December 2011 to October 2013, Mr. Lui was a director within the private equity funds business at Rockstead Capital Private Limited. Mr. Lui also served as the chief financial officer at Feres Pte Ltd from July 2009 to May 2011, and the vice president in the investment banking group at Merrill Lynch in October 2007 and the director at Merrill Lynch in December 2008. Mr. Lui served in ABN AMRO Bank N.V., Hong Kong Branch from September 2005 to April 2007 with his last position as the assistant director of the Financial Sponsors Group, Asia in Global Clients, and in Société

DIRECTORS AND SENIOR MANAGEMENT

Générale Asia Limited from July 2004 to August 2005 with his last position as the vice president at the Project Finance and Advisory Department. He served as manager of project and export finance at The Hongkong and Shanghai Banking Corporation Limited from May 2003 to July 2004, senior associate at Ernst & Young from May 2002 to May 2003, and senior at Arthur Andersen from September 1998 to January 2002.

Mr. Lui obtained a bachelor's degree in accountancy from Nanyang Technological University in Singapore in July 1998. Mr. Lui has been a member of the Institute of Singapore Chartered Accountants (previously known as the Institute of Certified Public Accountants of Singapore) since October 2002.

Mr. PANG Victor Ho Man (彭灝文)
Independent non-executive Director

Mr. Pang Victor Ho Man, aged 37, is an independent non-executive Director. Mr. Pang is responsible for supervising and providing independent judgment to the Board. Mr. Pang was appointed as an independent non-executive Director of our Company in 23 November 2016.

Mr. Pang is a practising solicitor in Hong Kong and has accumulated over ten years of experience in legal practice. He was admitted to practice law as a solicitor in Hong Kong in August 2004. Mr. Pang has been a partner and a practising solicitor of Zhong Lun Law Firm since March 2015. Prior to that, Mr. Pang also practised with Herbert Smith Freehills and Reed Smith LLP.

Mr. Pang graduated from the University of Hong Kong (Hong Kong) in November 2001 with a bachelor's degree in laws, and subsequently obtained a master degree in business administration from Tsinghua University in Beijing, the PRC in July 2015.

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

SENIOR MANAGEMENT

Our senior management are responsible for the day-to-day management of our Company's business.

Ms. CHAN Sze Wan Stephenie (陳詩韻)
Chief financial officer

Ms. Chan Sze Wan Stephenie, aged 41, is our chief financial officer. Ms. Chan is responsible for overseeing the finance functions of our Group and assisting the CEO in financial planning. Ms. Chan joined our Group in November 2015 as the chief financial officer of EFT Solutions.

Ms. Chan possesses over 17 years of experience in the accounting industry. Ms. Chan commenced her career in Michael Ho CPA Limited in July 1997 until July 2005 with her last position as an audit supervisor, responsible for accounting and audit works. Ms. Chan then

DIRECTORS AND SENIOR MANAGEMENT

worked as an audit senior associate in BDO McCabe Lo Limited from August 2005 to November 2005, responsible for accounting and audit works; and then as a supervising senior in the assurance division from November 2005 to March 2007, as a supervisor from April 2007 to September 2007, as an assistant manager from October 2007 to March 2008, as an assistant manager 2 from April 2008 to September 2008, and as a manager 1 from October 2008 to December 2010, in JBPB & Company (formerly known as Grant Thornton), responsible for accounting and audit works; and then, she worked as an assurance manager 3 in BDO Limited from 1 January 2011 to November 2013, and was responsible for accounting and audit works. She worked as an audit manager 3 in Moore Stephens CPA Limited from August 2014 to November 2015, responsible for accounting and audit works.

Ms. Chan obtained a master's degree in arts majoring in international accounting and a master's degree in science majoring in finance, respectively, from City University of Hong Kong (Hong Kong), in November 2005 and November 2007, respectively. Ms. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since February 2004.

Mr. LEE Ka Ming Kelvin (利家明)

Chief operation officer

Mr. Lee Ka Ming Kelvin, aged 42, is our chief operation officer. Mr. Lee is responsible for daily management and supervision of customer and technical service provision of our Group. Mr. Lee was appointed as a director of EFT Solutions since its incorporation in February 2004 until December 2006. Mr. Lee re-joined our Group in July 2015 as chief operation officer of EFT Solutions.

Mr. Lee possesses many years of experience in the electronic payment solution industry. Mr. Lee worked in a range of positions in Ingenico International (Pacific) Pty Limited from October 1999 to February 2007, and his last position was the head of Ingenico operations and service team, responsible for supervising customer service provision to bank customers. Mr. Lee then worked in a range of positions in Hang Seng Bank Limited (stock code: 0011) from September 2007 to June 2015, and his last position was the assistant merchant support and chargeback manager, responsible for providing credit card transaction support to merchants and handling disputes from cardholders in relation to credit card transactions.

Mr. Lee obtained a bachelor's degree in science majoring in marketing from University of Wales in the United Kingdom through attending distance learning courses in November 2009.

DIRECTORS AND SENIOR MANAGEMENT

Mr. CHAN Wai To (陳偉道)

Chief information officer

Mr. Chan Wai To, aged 40, is our chief information officer. Mr. Chan is responsible for planning and overseeing electronic payment software development and technical support. Mr. Chan re-joined our Group as the chief information officer of EFT Solutions in September 2015.

Mr. Chan is experienced in electronic payment solutions. He worked as an engineer in EFT Solutions from February 2005 to June 2007, responsible for providing technical support to customers. Mr. Chan then worked in Hang Seng Bank Limited (stock code: 0011) from January 2008 to June 2015 with his last position as the assistant manager, merchant sales development in the End Products and Business Development department, responsible for developing new technical products or solutions for merchant business development.

Mr. Chan obtained a bachelor's degree in science majoring in computer science and a master of philosophy degree in computer science, respectively, from The Chinese University of Hong Kong in Hong Kong, in December 1999 and October 2001, respectively.

Mr. CHEUNG Chun Bong (張振邦)

Chief procurement and logistics officer

Mr. Cheung Chun Bong, aged 39, is our chief procurement and logistics officer. Mr. Cheung is responsible for managing the logistics of delivery of payment terminals, payment terminal repair work and in-house information technology support. Mr. Cheung joined our Group as the project manager of EFT Solutions in April 2009. In February 2016, Mr. Cheung was appointed as the chief procurement and logistics officer of EFT Solutions.

Mr. Cheung possesses many years of experience in provision of EFT-POS system support service. He worked as a project development engineer in Ingenico International (Pacific) Pty Ltd from August 2004 to September 2007, responsible for EFT-POS maintenance support; and as a sales support engineer in Avedia System Inc. from October 2007 to March 2008, responsible for multi-media advertising project consultation and provision of related technical services.

Mr. Cheung obtained a bachelor's degree in science majoring in electrical and electronic engineering from University of Glamorgan in Wales, the United Kingdom in June 1999.

Mr. CHEUNG Chung Ching (張聰正)

Project manager

Mr. Cheung Chung Ching, aged 30, is our project manager. Mr. Cheung Chung Ching is responsible for overseeing system support and software solution services projects. Mr. Cheung Chung Ching joined our Group as a project development engineer (programmer) of EFT Solutions in October 2009. In February 2016, Mr. Cheung Chung Ching was appointed as the project manager of EFT Solutions.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung Chung Ching possesses many years of experience in provision of EFT-POS System Support Service and development of software applications for EFT-POS terminals. Mr. Cheung Chung Ching worked as a project development engineer (programmer) in EFT Solutions from October 2009 to January 2016, responsible for software development and programming for EFT-POS terminals; and as an project manager from February 2016, responsible for managing EFT-POS System Support Service and development of related software applications.

Mr. Cheung Chung Ching obtained a bachelor's degree in engineering majoring in computer engineering from the Hong Kong University of Science and Technology in Hong Kong in November 2009.

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

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

COMPANY SECRETARY

Ms. NG Wing Shan (吳詠珊), aged 39, was appointed as the company secretary of our Company in June 2016. Ms. Ng is the assistant vice president of SW Corporate Services Group Limited, and is responsible for assisting listed companies in professional company secretarial work. She has over ten years of professional experience in the company secretarial field, and currently serves as a company secretary of several listed companies in Hong Kong.

Ms. Ng is a fellow member of The Hong Kong Institute of Chartered Secretaries and of The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Ng is not an employee of our Company and she provides services to our Company as an external service provider.

Ms. Ng, is an external service provider engaged by us as our company secretary and Ms. CHAN Sze Wan Stephenie (陳詩韻), our chief financial officer, will be the key contact person with whom Ms. Ng can contact.

COMPLIANCE OFFICER

Mr. LO Chun Wa (勞俊華) was appointed as the compliance officer of our Company in June 2016. For further details, please refer to the sub-section headed "Directors and senior management – Board of Directors – Directors – Mr. Lo Chun Wa (勞俊華)" in this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

The Board delegates certain responsibilities to various committees. In accordance with the Articles of Association and the GEM Listing Rules, we have established our audit committee, remuneration committee and nomination committee.

Audit committee

We established an Audit Committee on 23 November 2016 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraphs C3.3 and C3.7 of the Code as set forth in Appendix 15 to the GEM Listing Rules. The primary responsibilities of the Audit Committee are to supervise our internal control, financial information disclosure and financial reporting matters, which include but are not limited to:

- supervising the disclosure of our accounting information and other major issues, to review critical accounting policies and their implementation;
- proposing the appointment, re-appointment or removal of our external auditors; reviewing and monitoring their independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- reviewing our financial statements and material advice in respect of financial reporting;
- overseeing the audit process and internal control procedures and risk management system of our Company; and
- enhancing the communication between our internal auditors and external auditors.

At present, the Audit Committee of our Company consists of Mr. Lam Keung, Mr. Lui Hin Weng Samuel, and Mr. Pang Victor Ho Man. The chairman of the Audit Committee is Mr. Lui Hin Weng Samuel, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

Remuneration committee

We established a Remuneration Committee on 23 November 2016 with written terms of reference in compliance with paragraph B1.2 of the Code as set forth in Appendix 15 to the GEM Listing Rules. The responsibilities of our Remuneration Committee include, but are not limited to:

- making recommendations to our Board on the overall policy and structure for remuneration of all our Directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration;
- determining, with delegated responsibility from the Board, or making recommendations to the Board on the specific remuneration packages of executive Directors and senior management;

DIRECTORS AND SENIOR MANAGEMENT

- making recommendations to the Board on the remuneration of the non-executive Directors;
- reviewing and approving compensation arrangements in relation to dismissal or removal of out Directors for misconduct;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time; and
- ensuring that no Director or any of his or her associates is involved in deciding his or her own remuneration.

The Remuneration Committee consists of Mr. Lo, Mr. Lam Keung and Mr. Pang Victor Ho Man. The chairman of the Remuneration Committee is Mr. Pang Victor Ho Man.

Nomination committee

We established a Nomination Committee on 23 November 2016 with written terms of reference in compliance with paragraph A5.2 of the Code set forth in Appendix 15 to the GEM Listing Rules. The responsibilities of our Nomination Committee include, but are not limited to:

- reviewing the selection standard and process, structure, size and composition of the Board and senior management annually and making recommendations on any proposed changes to the Board and senior management to complement our Company's corporate strategy;
- identifying suitable candidates of Directors and senior management, selecting or recommending to the Board on the selection of individuals or providing advice to the Board in respect thereof;
- assessing the independence of the independent non-executive Directors; and
- making recommendations to the Board on the appointment, re-appointment and the succession planning for Directors and senior management.

The Nomination Committee consists of Mr. Lo, Mr. Lam Keung and Mr. Pang Victor Ho Man. The chairman of the Nomination Committee is Mr. Lo.

EMOLUMENT OF DIRECTORS AND MANAGEMENT

We offer executive Directors and senior management emolument in the form of salaries, allowances, pension, discretionary bonuses and other welfares. Our non-executive Director and independent non-executive Directors receive emolument based on their responsibilities (including being members or chairmen of Board committees). Emolument packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed and discretionary bonuses are paid on annual basis based on our results, individual performance and other relevant factors.

DIRECTORS AND SENIOR MANAGEMENT

The aggregate amounts of emolument (including salaries, allowances, bonuses, other benefits and contributions to pension schemes) paid to our Directors for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016 were approximately HK\$0.5 million, HK\$1.0 million and HK\$0.4 million, respectively.

The aggregate amounts of emolument (including salaries, allowances, bonuses, other benefits and contributions to pension schemes) paid to our five highest paid individuals for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016 were approximately HK\$1.6 million, HK\$2.0 million and HK\$1.1 million, respectively.

It is estimated that an aggregate amount of emolument (including fee, salaries, contributions to pension scheme and other allowances and benefits in kind) equivalent to approximately HK\$1.6 million would have been paid and granted to our Directors by us for the year ending 31 March 2017 under arrangements in force on the date of this prospectus.

No emolument was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past Directors during the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

Except as disclosed in this prospectus, no Director has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a Director, or otherwise for service rendered by him in connection with the promotion or formation of us.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, we have appointed Lego as the compliance adviser (the “Compliance Adviser”). The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Compliance Adviser will advise us in the following circumstances:

- (i) before the publication of any regulatory announcement, circular, or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where we propose to use the net proceeds from the issue of New Shares under the Share Offer in a manner different from that detailed in this prospectus or where the business activities, development or results of our Company deviate from any forecast, estimate or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry to our Company in accordance with Rule 17.11 of the GEM Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

The term of appointment of the Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

CORPORATE GOVERNANCE CODE

Except for the deviation from provision A.2.1 of the Corporate Governance Code, we have no material deviation from the Corporate Governance Code as set forth in Appendix 15 to the GEM Listing Rules as at the Latest Practicable Date. Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lo is the Chairman and the CEO of our Company. In view that Mr. Lo has been assuming day-to-day responsibilities in operating and managing our Group since 2008 and the rapid development of our Group, our Board believes that with the support of Mr. Lo's extensive experience and knowledge in the business of our Group, vesting the roles of both Chairman and CEO of our 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 our Group.

Our Directors consider that the deviation from provision A.2.1 of the Corporate Governance Code is appropriate in such circumstances. Notwithstanding the above, the Board is of the view that this management structure is effective for our Group's operations, and sufficient checks and balances are in place.

We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. Our Directors are aware that upon Listing, we are expected to comply with such code provisions. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in our interim report and annual report in respect of the relevant period. Save as disclosed above, we will comply with the code provisions set out in the Corporate Governance Code after Listing.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account the Shares which may be issued pursuant to the exercise of the options that have been granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of any member of our Group:

Name	Capacity	Number of Shares upon Listing ¹	Percentage of shareholding upon Listing
LCK Group	Beneficial owner	360,000,000	75%
Mr. Lo ²	Interest in controlled corporation	360,000,000	75%
Ms. Lam ³	Interest of spouse	360,000,000	75%

Notes:

1. All interests stated are long positions.
2. Mr. Lo is interested in the entire issued share capital of LCK Group and he is therefore deemed to be interested in the Shares held by LCK Group by virtue of the SFO.
3. 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.

For details of our Director's interests in Shares immediately following the completion of the Share Offer, please refer to the sub-section headed "C. Disclosure of interests" in Appendix IV to this prospectus.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Share Offer and the Capitalisation Issue (taking no account of the Shares which may be taken up under any exercise of the options under the Share Option Scheme), have an interest or short position in the Shares or underlying shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of any member of our Group.

CONTROLLING SHAREHOLDERS

See section headed "Relationship with the Controlling Shareholders" in this prospectus for information on our Controlling Shareholders.

Each of our Controlling Shareholders has also given undertakings in respect of the Shares to our Company and the Stock Exchange as required by Rules 13.16A(1) and 13.19 of the GEM Listing Rules, details of which are set out in the sub-section headed "Underwriting – Undertakings pursuant to the Underwriting Agreements" in this prospectus.

SHARE CAPITAL

Authorised share capital:

HK\$

<u>780,000,000</u>	Shares	<u>7,800,000</u>
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Issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:

1,000	Shares in issue as at the date of this prospectus	10
383,999,000	Shares to be issued under the Capitalisation Issue	3,839,990
<u>96,000,000</u>	Shares to be issued under the Share Offer	<u>960,000</u>
<u>480,000,000</u>	Shares	<u>4,800,000</u>

Assumptions

The above table assumes that the Share Offer and the Capitalisation Issue have become unconditional but takes no account of any Shares which may fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates as described below.

Minimum Public Float

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the total number of issued Shares of our Company in the hands of the public (as defined in the GEM Listing Rules).

Ranking

The Offer Shares will rank *pari passu* in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify in full for all dividends and other distributions hereafter declared, made or paid on the Shares after the date of this prospectus other than participation in the Capitalisation Issue.

SHARE CAPITAL

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the principal terms of which are summarised in the sub-section headed “G. Other information – 1. Share Option Scheme” in Appendix IV to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into the Shares as at the Latest Practicable Date.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure of the Share Offer” in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total number of not more than the aggregate of:

- (i) 20% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue; and
- (ii) the total number of the Shares repurchased by our Company (if any) pursuant to a separate mandate to repurchase Shares and described more fully below.

This general mandate is in addition to the powers of our Directors to allot, issue or deal with Shares under an issue by way of rights, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of our Company or pursuant to any options granted under the Share Option Scheme, or an issue of Shares in respect of any scrip dividend or similar arrangement for the allotment and issue of Shares in lieu of the whole or part of the dividend on Shares.

This general mandate to issue shares will expire when one of the following expires first:

- (i) at the conclusion of our Company’s next annual general meeting; or
- (ii) the expiration of the period within which our Company is required by the Articles or any applicable laws of the Cayman Islands to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please see the sub-section headed “A. Further information about our Group – 5. Written resolutions of the sole Shareholder passed on 23 November 2016” in Appendix IV to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the conditions as stated in the section headed “Structure of the Share Offer” in this prospectus, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate number of not more than 10% of the total number of Shares issued and to be issued following the completion of the Share Offer and the Capitalisation Issue.

This general mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the GEM Listing Rules and all applicable laws. A summary of the relevant requirements in the GEM Listing Rules is set out in the sub-section headed “A. Further information about our Group – 6. Repurchase of our Shares” in Appendix IV to this prospectus.

This general mandate to repurchase shares will expire when one of the following expires first:

- (i) at the conclusion of our Company’s next annual general meeting; or
- (ii) the expiration of the period within which our Company is required by the Articles or any applicable laws of the Cayman Islands to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in sub-section headed “2. Articles of Association” in Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto, as included in the Accountants' Report set out in Appendix I to this prospectus (the "Financial Information"). Our Financial Information has been prepared in accordance with HKFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and projections depend on a number of risks and uncertainties over which we do not have control. For further information, please refer to the sections headed "Forward-looking statements" and "Risk factors" in this prospectus.

Unless the context otherwise requires, financial information disclosed in this section is described on a consolidated basis.

OVERVIEW

We are a leading EFT-POS solution provider focusing on providing EFT-POS terminal and peripheral device sourcing and EFT-POS System Support Service in Hong Kong. We position ourselves as the link between EFT-POS terminal manufacturers and acquirers to deploy EFT-POS services to merchants. We work closely with EFT-POS terminal and peripheral device manufacturers and acquirers to provide total EFT-POS solutions including sourcing of EFT-POS terminals and peripheral devices, together with developing software that comply with electronic payment standards acceptance certification, installation, ongoing maintenance, repair and other related services of EFT-POS terminals. We also provide customised EFT-POS integration, ERM software solution or other software solution services on project basis for acquirers and merchants.

We have well-established business relationships with a number of leading international EFT-POS terminal manufacturers. Leveraging on our well-established business relationships with a number of leading EFT-POS terminal manufacturers and our technical capabilities in providing EFT-POS equipment specification testing and developing software that comply with electronic payment standards acceptance certification, we are well placed to solve the needs of our customers and provide sourcing of multiple brands of EFT-POS terminals and peripheral devices.

Our principal revenue streams included service income derived from EFT-POS terminal manufacturers, acquirers and merchants to provide on-going EFT-POS System Support Service and sourcing of EFT-POS terminals and peripheral devices for acquirers and merchants. We also derived service income from developing customised software solution services on a project basis for acquirers and merchants.

FINANCIAL INFORMATION

As at the Latest Practicable Date, our Group comprised our Company, EFT Solutions International and EFT Solutions.

We strive to grow our existing business, diversify our revenue streams and expand our customer base by expanding products or services offerings, strengthening human resources and widening our sales channels and technical support. Going forward, we target to achieve our business objectives by strengthening our product portfolio, enhancing our information management systems and strengthening our market efforts.

For further information about our business and operation, please refer to the section headed “Business” in this prospectus.

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2015 and 2016, our revenue amounted to approximately HK\$35.2 million, HK\$46.0 million, HK\$21.3 million and HK\$16.7 million, respectively. Our gross profit for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2015 and 2016 amounted to approximately HK\$14.2 million, HK\$20.7 million, HK\$11.7 million and HK\$7.6 million, respectively, and our profit and total comprehensive income for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2015 amounted to approximately HK\$9.7 million, HK\$13.3 million and HK\$8.9 million, respectively, and our loss and total comprehensive expense for the four months ended 31 July 2016 amounted to approximately HK\$1.8 million. Excluding non-recurring Listing expense in relation to the New Shares to be issued under the Share Offer of approximately HK\$1.0 million incurred for the year ended 31 March 2016 and approximately HK\$6.6 million for the four months ended 31 July 2016, our adjusted profit and total comprehensive income for the year ended 31 March 2016 and the four months ended 31 July 2016 amounted to approximately HK\$14.3 million and HK\$4.7 million, respectively.

BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully described in the section headed “History, development and Reorganisation” in this prospectus, our Company became the holding company of the companies now comprising our Group on 20 June 2016. Our Group comprising our Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group for the Track Record Period have been prepared to present the results, changes of equity and cash flows of the companies now comprising our Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the Track Record Period. The consolidated statements of financial position of our Group as at 31 March 2015, 31 March 2016 and 31 July 2016 are prepared to present the assets and liabilities of the companies now comprising our Group, as if the current group structure had been in existence at those dates, taken into account the respective dates of incorporation.

FINANCIAL INFORMATION

PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to be, affected by a number of the following factors, including factors generally affecting our industry and factors specifically affecting our operations:

General development of electronic payment industry and competition

We principally engaged in the electronic payment industry, which include providing EFT-POS System Support Service and sourcing of EFT-POS terminals and peripheral devices to our customers as well as developing customised software solution services. We expect this business model will continue in the foreseeable future. As a result, our results of operations will be subject to factors generally affecting the electronic payment industry, including the overall economic development, technology advancements, the changing regulatory environment and developments in consumer trends.

In addition, the provision of EFT-POS solutions in the electronic payment industry is highly competitive and we face intense competition with other EFT-POS solution providers. Moreover, we operate in an industry which is subject to rapid trend and technological changes. Any changes in trends and technology advancement may render the products procured by us and our services and/or solutions provided unattractive to existing and new customers. In the event of the same, our ability to maintain our competitiveness in the provision of EFT-POS solutions in the electronic payment industry will materially and adversely affect our results of operations and financial position.

Reliance on our key customers

During the Track Record Period, our five largest customers comprised of EFT-POS terminal manufacturers, acquirers and merchants. For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, our single largest customer contributed approximately 33.4%, 29.0% and 26.4% of our total revenue, respectively; while revenue contributed from our five largest customers accounted for approximately 74.7%, 81.2% and 69.7% of our total revenue, respectively. Our Directors anticipate that our dependence on our five largest customers will continue in the foreseeable future.

As the engagement of sourcing our services by our customers had no commitment for future engagements, our customers are not obligated to continue placing orders with us at all or at the same level which they historically have done. We would need to identify and find customers under similar commercial terms if any of our existing customers terminate their relationship with us. There is no assurance that we would be able to find suitable alternative customers in a short period of time, and we may be unable to negotiate comparatively favourable commercial terms with them and our business, results of operations and financial position may be materially and adversely affected.

FINANCIAL INFORMATION

Reliance on our key suppliers

During the Track Record Period, Supplier B, Verifone and Castles were our single largest supplier for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively, which accounted for approximately 27.6%, 39.2% and 34.5%, of our Group's total cost of procurement paid to external parties respectively for the respective years/period, while our five largest suppliers accounted for approximately 85.7%, 80.6% and 80.1% of our Group's total cost of procurement paid to external parties for the respective years/period, respectively.

We would need to identify and find suppliers under similar commercial terms if any of them fails and/or is unable to perform their contractual obligations. There is no assurance that we would be able to find suitable alternative suppliers in a short period of time, and we may be unable to negotiate comparatively favourable commercial terms with them. There is no assurance that we can maintain stable business relationships with our suppliers. If we are unable to maintain stable business relationships with our suppliers, our business, results of operations and financial position may be materially and adversely affected. Please refer to section headed "Risk factors" in this prospectus.

Fluctuations in the revenue generated from sourcing of EFT-POS terminals and peripheral devices

Our customers who engaged us for sourcing of EFT-POS terminals (the "Sourcing Customers") had no minimum purchases commitment to us and their purchases were typically made on the basis of actual orders from time to time. Their engagement patterns with us are affected by a variety of factors which are beyond our control, including but not limited to the market demand for EFT-POS terminals and peripheral devices, the business needs of our Sourcing Customers and the merchants and the wear and tear rate in the usage of the EFT-POS terminals and peripheral devices by our Sourcing Customers and the merchants. Our revenue generated from and the results of operations in relation to the sourcing of EFT-POS terminals and peripheral devices may fluctuate from period to period primarily due to the engagement patterns of our Sourcing Customers.

In addition, varying demand of EFT-POS terminals and peripheral devices ordered by our Sourcing Customers may result in a single or a small number of sourcing orders accounting for a substantial portion of our revenue during a particular period. As we recognise revenue when the goods are delivered and titles have passed, the timing of a single or a small number of sourcing orders with significant contract value completed during a particular period may significantly affect our results of operations during that period. Likewise, the loss of one or more of our significant sourcing customers or any material breach of the contractual obligations by them could have an adverse effect on our business, results of operations and financial condition.

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Likewise, we recorded a decrease of sourcing income for the four months ended 31 July 2016 as compared to that for the four months ended 31 July 2015, which was mainly due to the decrease in sourcing income from Customer A, being one of our major Sourcing Customers during the Track Record Period, as a result of the higher procurement level in the four months ended 31 July 2015, to the best knowledge of our Directors, attributable to test phase deployment of an unified and integrated payment and taxi meter platform on its taxi fleet in that period, though remained among our five largest customers for each of the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016. Moreover, the level of our sourcing income may fluctuate throughout the year. For example, our sourcing income for the four months ended 31 July 2015 already accounted for approximately 64.2% of our total sourcing income for the whole of the year ended 31 March 2016 while that for the eight months ended 31 March 2016 accounted for approximately 35.8% of that only. Thus, our results of operation will be affected by the changing demand of EFT-POS terminals and peripheral devices ordered by or procurement pattern of our Sourcing Customers such as Customer A as they have no commitment to continue placing orders at same level and at the same timing which they historically have done.

Our ability to respond to increasing staff costs and retain our staff

Our staff costs and related expenses were one of the major expenditure items of our Group during the Track Record Period. For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2015 and 2016, our staff costs and related expenses amounted to approximately HK\$10.5 million, HK\$12.6 million, HK\$3.5 million and HK\$4.4 million respectively. The general rising cost of professionals in the industry has led to higher staff costs and related expenses. Our Directors consider that it is important for our Group to retain quality staff. As our business depends substantially on our staff's capabilities to provide support services and develop software solutions to our customers, our ability to respond to increasing staff costs and retain our staff is important to our operations and financial conditions. In addition, it is our business strategies to expand our information and technology team and business development, sales and marketing capabilities in order to expand our service coverage. As staff costs and related expenses rise, our results of operations will be adversely affected if we are not able to increase our revenue or staff productivity to mitigate higher staff costs and related expenses.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates refer to those accounting policies and estimates that entail significant uncertainty and judgment, and could yield materially different results under different conditions and/or assumptions. The preparation of the financial information in conformity with HKFRSs requires our management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The methods and approaches that we use in determining these items are based on our experience, the nature of our business operations, the relevant rules and regulations and the relevant circumstances. These underlying assumptions and estimates are reviewed regularly as they may have a significant impact on our operational results as reported

FINANCIAL INFORMATION

in our consolidated financial statements included elsewhere in this prospectus. The financial information as included in the Accountants' Report set out in the Appendix I to this prospectus has been prepared in accordance with the basis of presentation as mentioned in the above paragraph in this section and the accounting policies which conform to HKFRSs.

The financial information has been prepared under the historical cost basis except for certain financial instruments which are measured at fair values in accordance with HKFRSs. It also requires our Directors to make judgments, estimates and assumptions concerning the future. The judgments, estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates.

We have identified certain accounting policies and estimates that we believe are the most critical to the preparation of our consolidated financial statements and the understanding of our results of operations and financial position. Our critical accounting policies and estimates are set forth in details in Notes 4 and 5, respectively, to the Accountants' Report set out in Appendix I to this prospectus.

Revenue recognition

We principally engaged in the provision of EFT-POS solutions in the electronic payment industry, which mainly include sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS System Support Service to our customers as well as developing customised software solution services. During the Track Record Period, our revenue was principally derived from (i) EFT-POS System Support Service; (ii) sourcing of EFT-POS terminals and peripheral devices; and (iii) software solution services.

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, we recognised revenue of approximately HK\$35.2 million, HK\$46.0 million and HK\$16.7 million, respectively, from sourcing of EFT-POS terminals and peripheral devices and provision of EFT-POS System Support Service as well as software solution services. For details regarding our accounting policy relating to revenue recognition, see Note 4 to the Accountants' Report set out in the Appendix I to this prospectus.

Impairment losses of assets (other than financial assets)

At the end of each reporting period, our Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

For details, please refer to Note 4 to the Accountants' Report set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sales.

Please refer to Note 4 to the Accountants' Report set out in Appendix I to this prospectus.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when an entity within our Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value and transaction costs that are directly attributable to the acquisition or issue of such are subsequently added to or deducted from the fair value of such.

For details, please refer to Note 4 to the Accountants' Report set out in Appendix I to this prospectus.

Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax which is based on taxable profit for the year. Our Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

For details, please refer to Note 4 to the Accountants' Report set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

SUMMARY RESULTS OF OPERATION

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for each of the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2015 and 2016:

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>			
Revenue	35,208	45,986	21,348	16,667
Cost of goods sold and services	<u>(20,996)</u>	<u>(25,285)</u>	<u>(9,670)</u>	<u>(9,086)</u>
Gross profit	14,212	20,701	11,678	7,581
Other income	185	203	68	45
Other losses	(480)	(71)	(67)	(9)
Administrative expenses	(2,138)	(3,499)	(913)	(1,803)
Listing expenses	–	(973)	–	(6,592)
Finance cost	<u>(222)</u>	<u>(235)</u>	<u>(81)</u>	<u>(134)</u>
Profit (loss) before tax	11,557	16,126	10,685	(912)
Income tax expense	<u>(1,883)</u>	<u>(2,828)</u>	<u>(1,763)</u>	<u>(937)</u>
Profit (loss) and total comprehensive income (expense) for the year/period	<u>9,674</u>	<u>13,298</u>	<u>8,922</u>	<u>(1,849)</u>

Non-GAAP financial information

Profit and total comprehensive income for the year/period excluding Listing expenses	9,674	14,271	8,922	4,743
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DESCRIPTION AND COMPARISON OF PRINCIPAL ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our revenue was principally derived from (i) providing EFT-POS System Support Service to EFT-POS terminal manufacturers, acquirers and merchants; (ii) sourcing of EFT-POS terminals and peripheral devices to acquirers and merchants; and (iii) developing customised software solution services on a project basis for acquirers and merchants.

Revenue by revenue type

The following table sets forth the breakdown of our revenue derived from each business stream during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
EFT-POS System Support Service	19,860	56.4	24,408	53.1	8,119	38.0	7,986	47.9
Sourcing of EFT-POS terminals and peripheral devices	14,008	39.8	20,599	44.8	13,222	61.9	7,621	45.7
Software solution services	1,340	3.8	979	2.1	7	0.1	1,060	6.4
Total	<u>35,208</u>	<u>100.0</u>	<u>45,986</u>	<u>100.0</u>	<u>21,348</u>	<u>100.0</u>	<u>16,667</u>	<u>100.0</u>

For EFT-POS System Support Service, we provide services of installation, maintenance, collection, repair and other related services of EFT-POS terminals deployed by acquirers and/or merchants. Revenue from EFT-POS System Support Service increased by approximately HK\$4.5 million from approximately HK\$19.9 million for the year ended 31 March 2015 to approximately HK\$24.4 million for the year ended 31 March 2016, representing an increase of approximately 22.9%. The increase was mainly attributable to (i) the increase in the total average monthly units of the EFT-POS terminals from approximately 31,000 units for the year ended 31 March 2015 to approximately 32,000 units for the year ended 31 March 2016 under our full maintenance package of EFT-POS System Support Service, which was mainly due to the increase in number of EFT-POS terminals deployed by our largest and second largest customer for the year ended 31 March 2016, which were our largest and fifth largest customer for the year ended 31 March 2015, respectively; and (ii) the increase in average monthly system support fee charged for each EFT-POS terminal under full maintenance package of EFT-POS System Support Service from approximately HK\$60 for the year ended 31 March 2015 to approximately HK\$64 for the year ended 31 March 2016.

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Our revenue from EFT-POS System Support Service remained relatively stable at approximately HK\$8.0 million for the four months ended 31 July 2015 and 2016, which was a combined effect of (i) the increase in total average monthly units of EFT-POS terminals under our full maintenance package of EFT-POS System Support Service from approximately 30,000 units for the four months ended 31 July 2015 to approximately 34,000 units for the four months ended 31 July 2016 primarily due to the increase in number of EFT-POS terminals deployed by PAX and Customer B, being two of our five largest customers for the four months ended 31 July 2016; and (ii) the decrease in average monthly system support fee charged for each EFT-POS terminal under full maintenance package of EFT-POS System Support Service from approximately HK\$65 for the four months ended 31 July 2015 to approximately HK\$59 for the four months ended 31 July 2016, which was mainly because we provided on top of the agreed scope of full maintenance services a higher volume of adhoc service (such as extended hours of installations and testing, overnight standby maintenance services, upgrading and installation of modules on existing terminals for new payment method etc) of EFT-POS System Support Service during the four months ended 31 July 2015 that boosted up the average monthly fee in that period.

Our sales volume of EFT-POS terminals and peripheral devices sourced by us is determined by customer demand which is in turn affected by the macroeconomics, the development of electronic payment industry and revolutions of EFT-POS terminals. The table below sets forth our sales volume and average selling price of the EFT-POS terminals sourced during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	Average selling price		Average selling price		Average selling price		Average selling price	
	Sales volume	price (HK\$)	Sales volume	price (HK\$)	Sales volume	price (HK\$)	Sales volume	price (HK\$)
EFT-POS terminals	3,783	2,310	3,625	3,217	1,495	3,157	2,031	2,528
EFT-POS peripheral devices	6,030	874	10,480	853	10,000	850	9,600	259 ^(Note)

Note: Including 7,100 units of accessories such as plastic cases, roll handlers, cables and barcode scanners which amounted to approximately HK\$0.4 million with average selling price per unit of approximately HK\$53. Excluding these accessories, the average selling price of EFT-POS peripheral devices for the four months ended 31 July 2016 would be amounted to approximately HK\$845.

We assist our customers to source the EFT-POS terminals and peripheral devices to satisfy their needs. During the Track Record Period, the EFT-POS peripheral devices sourced to our customers mainly included thermal printer and other accessories.

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Our revenue from sourcing of EFT-POS terminals and peripheral devices increased by approximately HK\$6.6 million from approximately HK\$14.0 million for the year ended 31 March 2015 to approximately HK\$20.6 million for the year ended 31 March 2016, representing an increase of approximately 47.1%. The increase was mainly attributable to the increase in revenue generated from (i) Customer A of approximately HK\$3.3 million for EFT-POS peripheral devices to meet the needs for its increased taxi fleet and for general wear and tear; and (ii) Customer B of approximately HK\$6.2 million to large-scaled sourcing advanced EFT-POS terminals. Such increases were partially offset by the decrease in revenue from sourcing of EFT-POS terminals to a major customer which generated approximately HK\$2.0 million for the year ended 31 March 2015, while no such business opportunities emerged in the year ended 31 March 2016.

Our revenue from sourcing of EFT-POS terminals and peripheral devices decreased by approximately HK\$5.6 million from approximately HK\$13.2 million for the four months ended 31 July 2015 to approximately HK\$7.6 million for the four months ended 31 July 2016, representing a decrease of approximately 42.4%. Such decrease was primarily attributable to the decrease in revenue generated from Customer A of approximately HK\$6.1 million as our Group sourced more quantity of EFT-POS peripheral devices for Customer A during the four months ended 31 July 2015 as a result of the higher procurement level in the four months ended 31 July 2015, to the best knowledge and belief of our Directors, attributable to test phase deployment of an unified and integrated payment and taxi meter platform on its taxi fleet in that period. Such decrease was partially mitigated by the increase in revenue generated from sourcing of EFT-POS terminals to Customer D of approximately HK\$1.0 million due to the increase in procurement for advanced models of EFT-POS terminals to support its new contactless payment features.

Our revenue from software solution services decreased by approximately HK\$0.3 million from approximately HK\$1.3 million for the year ended 31 March 2015 to approximately HK\$1.0 million for the year ended 31 March 2016, representing a decrease of approximately 26.9%. The decrease was mainly contributed to (i) the software solution services project for one customer, which integrates with the point-of-sales system for real-time customer data transfer, was completed in November 2014 and therefore the revenue generated from this project of approximately HK\$0.7 million was recognised for the year ended 31 March 2015 and no revenue was recorded for this project in the year ended 31 March 2016; and (ii) an one-off software solution services fees of approximately HK\$0.4 million charged to a customer for the year ended 31 March 2015 for a tailor-made software solution services for its EFT-POS terminals. Such decrease was mitigated by the revenue of HK\$0.6 million generated from a new project for the development of an ERM software solution for a new customer which is expected to span over eleven months with targeted official deployment by December 2016.

Our revenue from software solution services increased from approximately HK\$7,000 for the four months ended 31 July 2015 to approximately HK\$1.1 million for the four months ended 31 July 2016. Such increase was mainly attributable to (i) the aforementioned new project for the development of an ERM software solution for a new customer which commenced in January 2016; and (ii) certain application enhancement projects, among others, mobile EFT-POS for use in kiosks and simplification of charging of plastic bag levy, for a merchant.

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Because of the above reasons, our total revenue increased by approximately HK\$10.8 million from approximately HK\$35.2 million for the year ended 31 March 2015 to approximately HK\$46.0 million for the year ended 31 March 2016, representing an increase of approximately 30.6% and our total revenue decreased by approximately HK\$4.7 million from approximately HK\$21.3 million for the four months ended 31 July 2015 to approximately HK\$16.7 million for the four months ended 31 July 2016, representing a decrease of approximately 21.9%.

Revenue by types of customer

The following table sets forth the breakdown of our revenue by types of customers during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
	<i>(Unaudited)</i>							
Acquirers	14,313	40.7	25,237	54.9	14,655	68.6	9,526	57.2
EFT-POS terminal manufacturers	15,773	44.8	18,076	39.3	6,165	28.9	5,724	34.3
Merchants	5,122	14.5	2,673	5.8	528	2.5	1,417	8.5
Total	35,208	100.0	45,986	100.0	21,348	100.0	16,667	100.0

Note: The types of customers are categorised based on the direct contracting parties with us without considering the identity of the end service recipients of the EFT-POS terminal manufacturers or the customers of the acquirers.

For the years ended 31 March 2015 and 2016, revenue derived from the acquirers accounted for approximately HK\$14.3 million and HK\$25.2 million for the years ended 31 March 2015 and 2016, respectively, which accounted for approximately 40.7% and 54.9% of the total revenue, respectively. The increase in amount was mainly due to (i) the increase of EFT-POS peripheral devices from Customer A, which accounted for increase in revenue of approximately HK\$3.3 million; and (ii) the increase of revenue from Customer B by approximately HK\$6.2 million, which was mainly due to the large-scale sourcing of advanced models of EFT-POS terminals which comprised revenue from sourcing and EFT-POS System Support Service.

For the four months ended 31 July 2015 and 2016, revenue derived from the acquirers amounted to approximately HK\$14.7 million and HK\$9.5 million, respectively, which accounted for approximately 68.6% and 57.2% of the total revenue for the respective periods. Such decrease in revenue was primarily due to the decrease in sourcing of certain EFT-POS peripheral devices for Customer A as a result of the higher procurement level in the four

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months ended 31 July 2015, to the best knowledge of our Directors, mainly attributable to test phase deployment of an unified and integrated payment and taxi meter platform on its taxi fleet in that period, which accounted for the decrease in revenue of approximately HK\$6.1 million, partially offset by the increase in revenue generated from sourcing of EFT-POS terminals for Customer D of approximately HK\$1.0 million which was mainly due to its increase in procurement for advanced models of EFT-POS terminals to support its new contactless payment features.

For the years ended 31 March 2015 and 2016, revenue derived from the EFT-POS terminal manufacturers accounted for approximately HK\$15.8 million and HK\$18.1 million for the years ended 31 March 2015 and 2016, respectively, which accounted for approximately 44.8% and 39.3% of our total revenue for the respective years. The increase was mainly due to the increase of revenue from EFT-POS System Support Service to our largest customer due to the increase in average monthly units of the EFT-POS terminals installed, maintained and repaired by us.

For the four months ended 31 July 2015 and 2016, revenue derived from the EFT-POS terminal manufacturers amounted to approximately HK\$6.2 million and HK\$5.7 million, respectively, which accounted for approximately 28.9% and 34.3% of our total revenue for the respective periods. Such decrease in revenue was primarily due to the decrease in revenue generated from Verifone of approximately HK\$0.6 million as a result of the lower volume of adhoc services (i.e. upgrading and installation of modules on existing terminals for new payment method) of EFT-POS System Support Service charged on top of the agreed scope of full maintenance services.

Revenue by shipment destination

The following table sets forth the breakdown of our revenue based on shipment destination or location of service rendered during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
	<i>(Unaudited)</i>							
Hong Kong	28,916	82.1	33,299	72.4	10,823	50.7	14,280	85.7
Australia	5,153	14.6	8,502	18.5	8,502	39.8	2,387	14.3
Macau	1,139	3.3	4,185	9.1	2,023	9.5	-	-
Total	35,208	100.0	45,986	100.0	21,348	100.0	16,667	100.0

Note: The geographical breakdown was prepared based on shipping destination without taking into account the re-export or onward sales (if any) of our products by our customers.

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We generated revenue mainly from the sourcing of the EFT-POS terminals and peripheral devices shipped to and EFT-POS System Support Service and software solution services rendered in Hong Kong, of which amounted to approximately HK\$28.9 million and HK\$33.3 million for the years ended 31 March 2015 and 2016, respectively, representing approximately 82.1% and 72.4% of our total revenue for the respective years. Such increase was mainly a combined result of (i) the increase in the average monthly system support fee charged for EFT-POS terminals; and (ii) the increase in the average selling price of the EFT-POS terminals in Hong Kong because Customer B have procured advanced models of the EFT-POS terminals with more sophisticated functions such as 3G.

Our revenue generated from the sourcing of EFT-POS terminals and peripheral devices shipped to and EFT-POS System Support Service and software solution services rendered in Hong Kong amounted to approximately HK\$10.8 million and HK\$14.3 million for the four months ended 31 July 2015 and 2016, respectively, representing approximately 50.7% and 85.7% of our total revenue for the respective periods. Such increase in revenue was primarily due to (i) the increase in revenue generated of approximately HK\$1.2 million mainly due to the procurement for advanced models of EFT-POS terminals from Customer D for its new payment methods; (ii) the increase in revenue generated from EFT Payments of approximately HK\$1.5 million due to its increase in demand of EFT-POS terminals; (iii) the increase in revenue generated from Customer C of approximately HK\$0.8 million as a result of an order on EFT-POS terminals during the four months ended 31 July 2016 for the development and certification test of new support features of those terminals, to the best knowledge and belief of our Directors, aiming for usage by food and beverage service providers; and (iv) the increase in software solution services revenue of approximately HK\$0.8 million for the development of an ERM software solution.

During the Track Record Period, we also assisted Customer A, who located in Australia, to source EFT-POS peripheral devices of which the revenue amounted to approximately HK\$5.2 million, HK\$8.5 million, HK\$8.5 million and HK\$2.4 million, respectively, and accounted for approximately 14.6%, 18.5%, 39.8% and 14.3% of our total revenue for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2015 and 2016, respectively. The increase from the year ended 31 March 2015 to the year ended 31 March 2016 was mainly because of the increase in the number of peripheral devices procured to meet the needs for its increased taxi fleet and for general wear and tear. The decrease in revenue from the four months ended 31 July 2015 to the four months ended 31 July 2016 was mainly attributable to the significant amount of revenue recorded during the four months ended 31 July 2015 due to the increase in procurement of peripheral devices for Customer A as a result of the higher procurement level in the four months ended 31 July 2015, to the best knowledge of our Directors, mainly attributable to test phase deployment of an unified and integrated payment and taxi meter platform on its taxi fleet in that period.

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Costs of goods sold and services

Our costs of goods sold and services primarily consisted of costs of inventories recognised as expense, cost of independent service providers, tools and consumables, salaries and benefits, freight and transportation, rent and rates, local travelling and telephone and utilities expense. Our cost of goods sold and services increased by approximately HK\$4.3 million from approximately HK\$21.0 million for the year ended 31 March 2015 to approximately HK\$25.3 million for the year ended 31 March 2016, representing an increase of approximately 20.4%. Such increase was mainly due to (i) increase in salaries and benefits of approximately HK\$1.2 million; (ii) increase in cost of inventories recognised as expense of approximately HK\$1.6 million; (iii) increase in rent and rates of approximately HK\$0.3 million; and (iv) increase in cost of independent service providers of approximately HK\$1.1 million. Our cost of goods sold and services decreased by approximately HK\$0.6 million from approximately HK\$9.7 million for the four months ended 31 July 2015 to approximately HK\$9.1 million for the four months ended 31 July 2016, representing a decrease of approximately 6.0%. Such decrease was primarily due to the combined effect of (i) decrease in cost of inventories recognised as expense of approximately HK\$1.3 million; (ii) increase in salaries and benefits of approximately HK\$0.2 million; and (iii) increase in cost of independent service providers of approximately HK\$0.4 million. The following table sets forth the breakdown of our costs of goods sold and services during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>							
Salaries and benefits	9,910	47.2	11,149	44.1	3,161	32.7	3,381	37.3
Cost of inventories recognised as expense	7,929	37.8	9,553	37.8	5,099	52.7	3,810	41.9
Rent and rates	866	4.1	1,191	4.7	327	3.4	447	4.9
Cost of independent service providers	97	0.5	1,190	4.7	395	4.1	809	8.9
Freight and transportation	965	4.6	730	2.9	195	2.0	220	2.4
Telecommunications and utilities expense	464	2.2	563	2.2	153	1.6	214	2.4
Tools and consumables	410	2.0	511	2.0	197	2.0	111	1.2
Local travelling	355	1.6	398	1.6	143	1.5	94	1.0
Total	20,996	100.0	25,285	100.0	9,670	100.0	9,086	100.0

The principal component of our costs of goods sold and services was the staff cost for our personnel directly involved in providing EFT-POS System Support Service, sourcing of EFT-POS terminals and peripheral devices and software solution services. The salaries and benefits cost increased by approximately HK\$1.2 million from approximately HK\$9.9 million for the year ended 31 March 2015 to approximately HK\$11.1 million for the year ended 31

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March 2016, representing an increase of approximately 12.5%. The cost of salaries and benefits also recorded an increase of approximately HK\$0.2 million from approximately HK\$3.2 million for the four months ended 31 July 2015 to approximately HK\$3.4 million for the four months ended 31 July 2016, representing an increase of approximately 7.0%. Such increases were mainly attributable to the wage increment for our staff and the increase in the number of staff for the year ended 31 March 2016 as compared to the year ended 31 March 2015 and for the four months ended 31 July 2016 as compared to the four months ended 31 July 2015.

Cost of inventories recognised as expense represents the costs incurred for sourcing of EFT-POS terminals and peripheral devices. Cost of inventories recognised as expense increased by approximately HK\$1.7 million from approximately HK\$7.9 million for the year ended 31 March 2015 to approximately HK\$9.6 million for the year ended 31 March 2016, representing an increase of approximately 20.5%. The increase in cost of inventories recognised as expense is in line with our increase in revenue from sourcing of EFT-POS terminals and peripheral devices from the year ended 31 March 2015 to the year ended 31 March 2016, particularly, we sourced more advanced models of EFT-POS terminals to our customers in the year ended 31 March 2016 which boosted up our cost of inventories. Cost of inventories recognised as expense decreased by approximately HK\$1.3 million from approximately HK\$5.1 million for the four months ended 31 July 2015 to approximately HK\$3.8 million for the four months ended 31 July 2016, representing a decrease of approximately 25.3%. Such decrease in cost of inventories recognised as expense was also in line with the decrease in revenue from sourcing of EFT-POS terminals and peripheral devices from the four months ended 31 July 2015 to the four months ended 31 July 2016 which was mainly attributable to the decrease in procurement of EFT-POS peripheral devices for Customer A.

Rent and rates mainly represented rental paid for the properties occupied by us as our corporate headquarters, warehouse and repair centre in Kwai Chung, Hong Kong. Rent and rates increased by approximately HK\$0.3 million from approximately HK\$0.9 million for the year ended 31 March 2015 to approximately HK\$1.2 million for the year ended 31 March 2016 and increased by approximately HK\$0.1 million from approximately HK\$0.3 million for the four months ended 31 July 2015 to approximately HK\$0.4 million for the four months ended 31 July 2016, representing an increase of approximately 37.5% and 36.7% respectively. Such increase were mainly due to additional unit of properties occupied by our Group during the year ended 31 March 2016 and the four months ended 31 July 2016.

Cost for independent service providers mainly represented (i) the fees incurred for the service rendered by independent on-site technicians involved in installation, routine maintenance, collection or other related services of EFT-POS terminals; and (ii) call centre service provider involved in our EFT-POS System Support Service. Cost of independent service providers increased by approximately HK\$1.1 million from approximately HK\$97,000 for the year ended 31 March 2015 to approximately HK\$1.2 million for the year ended 31 March 2016, representing an increase of approximately 11.3 times. This is mainly due to (i) the engagement of independent on-site technicians to increase efficiency of EFT-POS System Support Service during the year ended 31 March 2016 so as to achieve cost effectiveness and

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enhance flexibility; and (ii) the cost of the call centre service provider involved in our EFT-POS System Support Service which was recognised for the full year ended 31 March 2016 as the engagement commenced in the late 2014. Cost of independent service providers also recorded an increase of approximately HK\$0.4 million from approximately HK\$0.4 million for the four months ended 31 July 2015 to approximately HK\$0.8 million for the four months ended 31 July 2016, representing an increase of approximately 104.8%, which was primarily attributable to the increase in number of independent on-site technicians for EFT-POS System Support Service for the four months ended 31 July 2016 as compared to the four months ended 31 July 2015.

Freight and transportation mainly represented (i) cost of logistics incurred in transporting EFT-POS terminals and peripheral devices from our suppliers to our customers; and (ii) transport costs of deploying EFT-POS terminals and peripheral devices to acquirers and/or merchants as part of our EFT-POS System Support Service. Freight and transportation decreased by approximately HK\$0.3 million from approximately HK\$1.0 million for the year ended 31 March 2015 to approximately HK\$0.7 million for the year ended 31 March 2016, representing a decrease of approximately 24.4%. The decrease in the cost was mainly due to a relatively large scaled sourcing of advanced model of EFT-POS terminals for Customer B for the year ended 31 March 2015 and no such happened in the year ended 31 March 2016. Cost of freight and transportation remained relatively stable at approximately HK\$0.2 million for the four months ended 31 July 2016 as compared to the four months ended 31 July 2015.

Telecommunications and utilities expense mainly represented cost of sim card installed in certain EFT-POS terminals and utilities bills. Such costs increased by approximately HK\$99,000 from approximately HK\$0.5 million for the year ended 31 March 2015 to approximately HK\$0.6 million for the year ended 31 March 2016, representing an increase of approximately 21.3%. This is mainly due to additional usage of sim cards which is in line with the increase in our revenue from sourcing of EFT-POS terminals and peripheral devices and utility as a result of additional unit of property occupied by our Group over the period. Cost of telecommunications and utilities expense increased by approximately HK\$61,000 for the four months ended 31 July 2016 as compared to the four months ended 31 July 2015 which was also attributable to the additional unit of property occupied by our Group during the year ended 31 March 2016 and the four months ended 31 July 2016.

Tools and consumables represents the cost of maintenance, tools and consumables for projects, being the cost of spare parts for EFT-POS terminals which are mainly used to replace the parts of EFT-POS terminals under the provision of EFT-POS System Support Service. Cost of tools and consumables increased by approximately HK\$0.1 million from approximately HK\$0.4 million in the year ended 31 March 2015 to approximately HK\$0.5 million in the year ended 31 March 2016, representing an increase of approximately 24.6%, and decreased by approximately HK\$0.1 million from approximately HK\$0.2 million for the four months ended 31 July 2015 to approximately HK\$0.1 million for the four months ended 31 July 2016 which was generally in line with the fluctuation in revenue generated from EFT-POS System Support Service during the Track Record Period.

Local travelling, which represented travelling expense of our engineers for our EFT-POS System Support Service, remained relatively stable for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2015 and 2016.

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Gross profit

The following table sets forth the reportable and operating segment information of our Group and our gross profit and gross margin during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	As a percentage of segment revenue		As a percentage of segment revenue		As a percentage of segment revenue		As a percentage of segment revenue	
	HK\$'000	%	HK\$'000	%	HK\$'000 (Unaudited)	%	HK\$'000	%
Segment result:								
Sourcing of EFT-POS terminals and peripheral devices	5,858	41.8	10,726	52.1	8,059	61.0	3,759	49.3
Provision of EFT-POS System Support Service and software solution services	8,248	38.9	9,820	38.7	3,516	43.3	3,806	42.1
Total segment results^(Note)	14,106	40.1	20,546	44.7	11,575	54.2	7,565	45.4
Allocated expenses ^(Note)	106		155		103		16	
Total gross profit	14,212		20,701		11,678		7,581	
Total gross margin (%)	40.4		45.0		54.7%		45.5%	

Note: Including allocated expenses which were attributable to both of the two reportable and operating segments of our Group for the purpose of segment reporting in accordance with Hong Kong Financial Reporting Standards and allocation of such expenses to the two reportable and operating segments of our Group is not meaningful as they are not directly attributable to the cost of goods sold and services.

Our overall gross profit increased by approximately HK\$6.5 million from approximately HK\$14.2 million for the year ended 31 March 2015 to approximately HK\$20.7 million for the year ended 31 March 2016, representing an increase of approximately 45.7% and our overall gross margin increased by approximately 4.6 percentage point from approximately 40.4% for the year ended 31 March 2015 to approximately 45.0% for the year ended 31 March 2016, representing an increase of approximately 11.4%.

The increase in gross margin was primarily due to the increase in segment result as a percentage of segment revenue of sourcing of EFT-POS terminals and peripheral devices, of which (i) our Group sourced more advanced models of EFT-POS terminals, which typically generated relatively higher gross margin, to Customer B; and (ii) we sourced more quantity of EFT-POS peripheral devices to Customer A which devices generated relatively higher margin as compared to other products procured by us. Our segment result as a percentage of segment revenue of EFT-POS System Support Service remained stable at approximately 39.0% for the years ended 31 March 2015 and 2016.

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Our overall gross profit decreased by approximately HK\$4.1 million from approximately HK\$11.7 million for the four months ended 31 July 2015 to approximately HK\$7.6 million for the four months ended 31 July 2016, representing a decrease of approximately 35.1% and our overall gross margin decreased by approximately 9.2 percentage points from approximately 54.7% for the four months ended 31 July 2015 to approximately 45.5% for the four months ended 31 July 2016, representing a decrease of approximately 16.8%. The decrease in gross margin was primarily due to the decrease of approximately 11.7 percentage points in segment result as a percentage of segment revenue of sourcing of EFT-POS terminals and peripheral devices from approximately 61.0% to approximately 49.3%, which was mainly because we sourced more EFT-POS peripheral devices which generated relatively higher margin to Customer A as compared to other devices during the four months ended 31 July 2015. Our segment result as a percentage of segment revenue of provision of EFT-POS System Support Service and software solution services remained stable for the four months ended 31 July 2015 and 2016.

Other income

Our other income mainly represented (i) the interest income from Mr. Lo in relation to the Mortgage Arrangement (as defined in the sub-section headed “Indebtedness” in this section); and (ii) the management income from EFT Payments charged by our Group for sharing of certain office facilities and administrative services, which the amount remained stable for each of the years ended 31 March 2015 and 2016 and each of the four months ended 31 July 2015 and 2016.

Other losses

The following table sets forth the breakdown of our other losses for the Track Record Period:

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(Unaudited)</i>	
Net exchange losses	60	71	67	9
Loss on written-off of property, plant and equipment	420	–	–	–
Total	480	71	67	9

Net exchange losses represents losses from exchange of foreign currency from or into our functional currency.

Loss on written-off of property, plant and equipment represents the written-off of property, plant and equipment when we relocated into current properties occupied by us in the early of year ended 31 March 2015. No such loss has been recorded during the year ended 31 March 2016 and the four months ended 31 July 2015 and 2016.

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Administrative expenses and Listing expenses

Our administrative and Listing expenses mainly included staff costs, Listing expenses, depreciation, legal and professional fees and office expenses. Administrative and Listing expenses increased by approximately HK\$2.4 million, from approximately HK\$2.1 million for the year ended 31 March 2015 to approximately HK\$4.5 million for the year ended 31 March 2016 and increased by approximately HK\$7.5 million from approximately HK\$0.9 million for the four months ended 31 July 2015 to approximately HK\$8.4 million for the four months ended 31 July 2016, representing an increase of approximately 1.1 times and 8.3 times, respectively.

The following table sets forth the breakdown of our administrative and Listing expenses of our Group during the Track Record Period:

	Year ended 31 March				Four months ended 31 July			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>							
Staff costs	613	28.7	1,408	31.5	363	39.8	1,008	12.0
Depreciation	344	16.1	638	14.3	137	15.0	258	3.1
Legal and professional fees	375	17.5	545	12.2	104	11.4	78	0.9
Travelling and entertainment	411	19.2	346	7.7	149	16.3	237	2.8
Office expenses	220	10.3	289	6.5	82	9.0	98	1.2
Rental expenses	56	2.6	135	3.0	45	4.9	45	0.5
Listing expenses	–	–	973	21.8	–	–	6,592	78.5
Others ^(Note)	119	5.6	138	3.0	33	3.6	79	1.0
Total	2,138	100.0	4,472	100.0	913	100.0	8,395	100.0

Note: Others mainly comprise of advertising expenses, bank charges, insurance expenses and maintenance and repairs expenses.

The principal component of our administrative expenses was staff costs, which comprises of director's remuneration, staff salaries and benefits and mandatory provident fund contributions. Staff cost increased by approximately HK\$0.8 million from approximately HK\$0.6 million for the year ended 31 March 2015 to approximately HK\$1.4 million for the year ended 31 March 2016 and increased by approximately HK\$0.6 million from approximately HK\$0.4 million for the four months ended 31 July 2015 to approximately HK\$1.0 million for the four months ended 31 July 2016, representing an increase of approximately 1.3 times and 1.8 times, respectively, mainly due to the increase in director's remuneration and the increase in number of senior staff and senior management to cater for our expansion.

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Listing expenses of approximately HK\$1.0 million and HK\$6.6 million were recognised for the year ended 31 March 2016 and the four months ended 31 July 2016, respectively. No such expenses were incurred for the year ended 31 March 2015 and the four months ended 31 July 2015.

Depreciation expenses represented depreciation of property, plant and equipment being mainly the leasehold improvement. Depreciation increased by approximately HK\$0.3 million, from approximately HK\$0.3 million for the year ended 31 March 2015 to approximately HK\$0.6 million for the year ended 31 March 2016, representing an increase of approximately 85.5%, due to the additions to leasehold improvement when we relocated into current properties occupied by us in the year ended 31 March 2015. Depreciation increased by approximately HK\$0.1 million from approximately HK\$0.1 million for the four months ended 31 July 2015 to approximately HK\$0.3 million for the four months ended 31 July 2016, representing an increase of approximately 88.3%, which was mainly attributable to the additions to office equipment and leasehold improvement after 31 July 2015 as a result of the additional unit of properties occupied by us and upgrade of computer equipment during the four months ended 31 July 2016.

Legal and professional fees comprises of accounting expenses, auditor's remuneration, consultancy fees and other professional expenses. Legal and professional fees increased by approximately HK\$0.2 million from approximately HK\$0.4 million for the year ended 31 March 2015 to approximately HK\$0.5 million for the year ended 31 March 2016, representing an increase of approximately 45.3%, primarily due to the fee incurred for our application of trademark registration. Legal and professional fees remained stable at approximately HK\$0.1 million for the four months ended 31 July 2015 and 2016.

Travelling and entertainment expenses mainly comprises of vehicle expenses and local and overseas travelling. Such expenses decreased by approximately HK\$65,000 from approximately HK\$0.4 million for the year ended 31 March 2015 to approximately HK\$0.3 million for the year ended 31 March 2016 and increased by approximately HK\$88,000 from approximately HK\$0.1 million for the four months ended 31 July 2015 to approximately HK\$0.2 million for the four months ended 31 July 2016. The amount of the expenses mainly correlated to the number of overseas travelling of director and senior management during the respective year/period.

Office expenses mainly comprises of office supplies, postage and courier and printing and stationery. Office expenses increased by approximately HK\$69,000 from approximately HK\$0.2 million for the year ended 31 March 2015 to approximately HK\$0.3 million for the year ended 31 March 2016 and increased by approximately HK\$16,000 from approximately HK\$82,000 for the four months ended 31 July 2015 to approximately HK\$98,000 for the four months ended 31 July 2016, representing an increase of approximately 31.4% and 19.5% respectively, mainly due to increase in printing and stationery expenses as a result of the increase in number of staff and the expansion of our business operation.

Rental expenses increased by approximately HK\$79,000 from approximately HK\$56,000 for the year ended 31 March 2015 to approximately HK\$0.1 million for the year ended 31 March 2016, representing an increase of approximately 1.4 times, due to additional unit of properties occupied by us for the year ended 31 March 2016. Rental expenses remained stable at approximately HK\$45,000 for the four months ended 31 July 2015 and 2016.

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Finance cost

Finance costs mainly represented the interest expenses on bank borrowings in relation to mortgages of approximately HK\$0.1 million and HK\$0.1 million for each year ended 31 March 2015 and 2016, respectively, charged to us which have been reimbursed from Mr. Lo. Such reimbursement of approximately HK\$0.1 million and HK\$0.1 million for the respective years have been recognised by our Group as other income. The remaining interest expenses of approximately HK\$97,000 and HK\$93,000 represented the interest of the term loan for the years ended 31 March 2015 and 2016, respectively. Finance costs increased by approximately HK\$53,000 from approximately HK\$81,000 for the four months ended 31 July 2015 to approximately HK\$0.1 million for the four months ended 31 July 2016, representing an increase of approximately 65.4%. Such increase was mainly attributable to the interest incurred on the Tax Loan (as defined in the sub-section headed “Indebtedness” in this section) drawn by our Group in April 2016 and the expense incidental to the repayment of the Term Loan (as defined in the aforesaid section) borrowed by our Group.

Income tax expense

Our operating subsidiary, EFT Solutions, is subject to Hong Kong profits tax at a rate of 16.5% (the “Hong Kong Profits Tax Rate”) during the Track Record Period. Our Hong Kong income tax expense increased by approximately 50.2% from approximately HK\$1.9 million for the year ended 31 March 2015 to HK\$2.8 million for the year ended 31 March 2016. The increase in income tax expense was in line with the increase in our profit before tax from the year ended 31 March 2015 to the year ended 31 March 2016. Our Hong Kong income tax expense decreased by approximately 46.9% from approximately HK\$1.8 million for the four months ended 31 July 2015 to approximately HK\$0.9 million for the four months ended 31 July 2016. Such decrease in income tax expense was in line with the change in profit before tax for the four months ended 31 July 2015 to loss before tax for the four months ended 31 July 2016 mainly due to the Listing expense and the decrease in gross profit as a result of the decrease in our sourcing income. Our effective tax rates (without taking into account the Listing expenses) for the year ended 31 March 2015 were approximately 16.3% and the year ended 31 March 2016 and each of the four months ended 31 July 2015 and 2016 were approximately 16.5%, which were generally consistent with the Hong Kong Profits Tax Rate.

We had no tax payable arising from other jurisdictions during the Track Record Period. Our Directors confirm that, to their best knowledge, during the Track Record Period and up to the Latest Practicable Date, we had no material dispute or unresolved tax issues with the relevant tax authority.

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Profit for the year/period

As a result of the combined effect of the above factors, our profits increased by approximately HK\$3.6 million from approximately HK\$9.7 million for the year ended 31 March 2015 to approximately HK\$13.3 million for the year ended 31 March 2016 and our profit decreased by approximately HK\$10.8 million from approximately HK\$8.9 million for the four months ended 31 July 2015 to loss of approximately HK\$1.8 million (after deducting Listing expenses) for the four months ended 31 July 2016, representing an increase of approximately 37.5% and a decrease of approximately 120.7%, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to satisfy our working capital needs. Our working capital needs have been financed through a combination of funds generated from operations and bank borrowings. As at 31 March 2015 and 2016 and 31 July 2016, we had bank balances and cash of approximately HK\$2.6 million, HK\$4.2 million and HK\$2.8 million, respectively. Going forward, we expect to fund our working capital and other capital requirements with a combination of various sources, including but not limited to cash generated from our operations and the net proceeds from the issue of New Shares under the Share Offer.

The following table sets forth a condensed summary of our consolidated statements of cash flows for the Track Record Period. Such summary of the consolidated statements of cash flows is extracted from the Accountants' Report set out in the Appendix I to this prospectus and should be read in conjunction with the entire financial information included therein, including the notes thereto.

	Year ended of 31 March		Four months ended 31 July
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from/(used in) operating activities	9,012	12,085	(1,347)
Net cash (used in)/from investing activities	(11,312)	(8,613)	1,765
Net cash from/(used in) financing activities	3,567	(1,904)	(1,751)
	<u> </u>	<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents	1,267	1,568	(1,333)
Cash and cash equivalents at beginning of year/period	1,328	2,595	4,163
	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents at end of year/period	<u>2,595</u>	<u>4,163</u>	<u>2,830</u>

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Net cash from/(used in) operating activities

Our cash flows from operating activities is principally from the receipt for sourcing products for our customers and for providing EFT-POS System Support Service and software solution services. Our cash used in operating activities is principally for payments for cost of inventories, payment of salaries and administrative expenses.

For the year ended 31 March 2015, our net cash from operating activities was approximately HK\$9.0 million. Such amount was derived from our profit before income tax expense generated from our operations of approximately HK\$11.6 million, positively adjusted for (i) depreciation of property, plant and equipment of approximately HK\$0.3 million; (ii) loss on write-off of property, plant and equipment of approximately HK\$0.4 million which were non-cash in nature; and (iii) net finance cost of approximately HK\$0.1 million, partially offset by (i) a decrease in inventories of approximately HK\$3.2 million due to the inventories at the beginning date of the Track Record Period procured for a customer which were subsequently sold; (ii) increase in trade and other receivables of approximately HK\$3.5 million which was in line with the increase in revenue for the year ended 31 March 2015 as compared to that for the year ended 31 March 2014; and (iii) increase in amounts due from related companies of approximately HK\$2.8 million mainly represents the transactions amounts for sourcing income and service income of EFT Payments for the year ended 31 March 2015.

For the year ended 31 March 2016, our net cash from operating activities was approximately HK\$12.1 million. Such amount was derived from our profit before income tax expense generated from our operations of approximately HK\$16.1 million, mainly positively adjusted for (i) depreciation of property, plant and equipment of approximately HK\$0.6 million which was non-cash in nature; and (ii) net finance cost of approximately HK\$0.1 million, partially offset by (i) increase in trade receivables of approximately HK\$3.9 million mainly as a result of the increase of our revenue from the year ended 31 March 2015 to the year ended 31 March 2016; and (ii) increase in amounts due from related companies of approximately HK\$1.4 million. The transactions amount with related companies for the year end 31 March 2016 have been settled by the dividend in form of distribution in specie of receivables in February 2016, details are set out in Note 14 to the Accountants' Report set out in the Appendix I to this prospectus.

The increase in our net cash from operating activities by approximately HK\$3.1 million from approximately HK\$9.0 million for the year ended 31 March 2015 to approximately HK\$12.1 million for the year ended 31 March 2016 was mainly due to (i) the increase in our profit before tax generated from our operations attributable to the increase in gross profit; and (ii) the decrease in the increment amounts due from related companies from 31 March 2015 to 31 March 2016, partially offset by the reduction in increase of trade and other receivables from 31 March 2015 to 31 March 2016.

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For the four months ended 31 July 2016, our net cash used in operating activities amounted to approximately HK\$1.3 million. Such amount was derived from our loss before income tax expense of approximately HK\$0.9 million, positively adjusted for (i) depreciation of property, plant and equipment of approximately HK\$0.3 million which was non-cash in nature; (ii) net finance cost of approximately HK\$0.1 million; (iii) decrease in trade and other receivables of approximately HK\$0.9 million; and (iv) increase in trade and other payables of approximately HK\$3.5 million mainly as a result of the increase in accrued Listing expenses of approximately HK\$3.3 million, partially offset by (i) increase in inventory of approximately HK\$0.9 million; (ii) increase in amount due from related compan(y)/ies of approximately HK\$0.7 million mainly represents the transactions amounts for sourcing income and service income from EFT Payments; and (iii) payment of Hong Kong profit tax of approximately HK\$3.8 million during the four months ended 31 July 2016.

For the four months ended 31 July 2016, we recorded net cash used in operating activities of approximately HK\$1.3 million as compared to net cash generated from operating activities of approximately HK\$11.4 million for the four months ended 31 July 2015, primarily due to (i) the decrease in profit before tax generated from our operations attributable to the decrease in gross profit of approximately HK\$4.1 million due to the decrease in gross profit generated from sourcing of EFT-POS peripheral devices for Customer A in the four months ended 31 July 2016 as compared to that in the corresponding period in 2015; (ii) payment of Hong Kong profit tax of approximately HK\$3.8 million during the four months ended 31 July 2016; (iii) the increase in administrative expenses of approximately HK\$0.9 million as a result of the increase in staff cost; and (iv) net changes in accrued of Listing expenses which are expenses nature of approximately HK\$1.6 million by our Group during the four months ended 31 July 2016 whereas no such payment were incurred in the corresponding period in 2015.

Net cash (used in)/from investing activities

Our cash used in investing activities included (i) purchases of property, plant and equipment; (ii) advances to a director; and (iii) advances to related companies. Our cash flow from investing activities mainly included (i) repayment from a director; and (ii) repayment from related companies.

Net cash used in investing activities was approximately HK\$11.3 million for the year ended 31 March 2015. This was mainly due to (i) the additions of property, plant and equipment of approximately HK\$1.2 million when we relocated into current properties occupied by us in the year ended 31 March 2015; (ii) our net advances to Mr. Lo of approximately HK\$7.8 million for the year ended 31 March 2015 comprising mainly of the Mortgages (as defined in the sub-section headed “Indebtedness” in this section) of approximately HK\$7.1 million; and (iii) net advances made to related companies of approximately HK\$2.3 million mainly represented the funding to EFT Payments.

Net cash used in investing activities was approximately HK\$8.6 million for the year ended 31 March 2016. This was mainly due to (i) the additions of property, plant and equipment of approximately HK\$1.0 million due to additional unit of properties occupied in the year ended 31 March 2016; (ii) our net advances to Mr. Lo of approximately HK\$5.8 million for the year ended 31 March 2016; and (iii) net advances made to related companies of approximately HK\$1.9 million which represented the funding to EFT Payments.

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For the four months ended 31 July 2016, the cash inflows from investing activities of approximately HK\$1.8 million was mainly attributable to the net repayment from related company of approximately HK\$2.2 million, which mitigated by (i) the purchase of property, plant and equipment of approximately HK\$0.1 million; and (ii) net advance to Mr. Lo of approximately HK\$0.3 million.

Net cash from/(used in) financing activities

Our cash flows from/(used in) financing activities during the Track Record Period mainly included the proceeds from bank borrowings. During the Track Record Period, our cash flows used in financing activities mainly included (i) repayment to Mr. Lo; (ii) repayment of bank borrowings; (iii) interest paid on bank borrowings; and (iv) payment for Listing expenses.

Net cash generated from financing activities of approximately HK\$3.6 million for the year ended 31 March 2015 was mainly the combination of (i) proceeds from bank borrowings of approximately HK\$11.6 million mainly comprising (a) mortgages for the Mortgage Arrangement (as defined in the sub-section headed “Indebtedness” in this section) of approximately HK\$7.1 million; (b) term loans of approximately HK\$4.5 million, offset by (i) repayment of amount due to Mr. Lo; (ii) repayments of bank borrowings of approximately HK\$1.8 million; and (iii) interest paid on bank borrowings of approximately HK\$0.2 million.

Net cash used in financing activities of approximately HK\$1.9 million for the year ended 31 March 2016 mainly included (i) repayments of bank borrowings of approximately HK\$0.9 million; (ii) interest paid on bank borrowings of approximately HK\$0.2 million; and (iii) the payment for Listing expenses of approximately HK\$0.8 million which will be accounted for deduction from equity.

For the four months ended 31 July 2016, the cash outflows in financing activities of approximately HK\$1.8 million was mainly attributable to (i) the settlement of the Mortgage (as defined in the sub-section headed “Indebtedness” in this section) and the repayment of the Term Loan (as defined in the sub-section headed “Indebtedness” in this section) of approximately HK\$2.7 million; (ii) the interest expenses paid of approximately HK\$0.1 million; and (iii) the payment of Listing expenses of approximately HK\$1.8 million netting off with the net proceeds (netting the repayment) from the Tax Loan (as defined in the sub-section headed “Indebtedness” in this section) of approximately HK\$2.8 million during the period.

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NET CURRENT ASSETS

As at 31 March 2015, 31 March 2016, 31 July 2016 and 31 October 2016, we had recorded net current assets of approximately HK\$5.4 million, HK\$9.8 million, HK\$8.0 million and HK\$5.4 million, respectively. Details of the components are set forth as follows:

	As at 31 March		As at 31 July 2016	As at 31 October 2016
	2015	2016	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Current assets				
Inventories	285	–	940	712
Trade and other receivables	7,074	11,566	12,379	15,154
Amount due from a director	1,106	6,537	505	896
Amounts due from related company/(ies)	6,747	2,203	702	84
Bank balances and cash	2,595	4,163	2,830	2,607
	<u>17,807</u>	<u>24,469</u>	<u>17,356</u>	<u>19,453</u>
Sub-total				
Current liabilities				
Trade and other payables	743	1,106	4,591	9,182
Bank borrowings – due within one year	9,887	8,972	2,824	1,883
Amount due to a director	–	–	178	684
Tax payable	1,814	4,542	1,714	2,347
	<u>12,444</u>	<u>14,620</u>	<u>9,307</u>	<u>14,096</u>
Sub-total				
	<u>12,444</u>	<u>14,620</u>	<u>9,307</u>	<u>14,096</u>
Net current assets	<u><u>5,363</u></u>	<u><u>9,849</u></u>	<u><u>8,049</u></u>	<u><u>5,357</u></u>

Our current assets as at 31 March 2015, 31 March 2016, 31 July 2016 and 31 October 2016 mainly comprised (i) trade and other receivables of approximately HK\$7.1 million, HK\$11.6 million, HK\$12.4 million and HK\$15.2 million, respectively; (ii) current portion of the amount due from a director of approximately HK\$1.1 million, HK\$6.5 million, HK\$0.5 million and HK\$0.9 million, respectively; (iii) amounts due from related companies of approximately HK\$6.7 million, HK\$2.2 million, HK\$0.7 million and HK\$84,000, respectively; and (iv) bank balances and cash of approximately HK\$2.6 million, HK\$4.2 million, HK\$2.8 million and HK\$2.6 million, respectively. Our current liabilities as at 31 March 2015, 31 March 2016, 31 July 2016 and 31 October 2016 mainly comprised (i) trade and other payables of approximately HK\$0.7 million, HK\$1.1 million and HK\$4.6 million and HK\$9.2 million, respectively; (ii) bank borrowings which due within one year of approximately HK\$9.9 million, HK\$9.0 million, HK\$2.8 million and HK\$1.9 million, respectively; and (iii) tax

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payable of approximately HK\$1.8 million, HK\$4.5 million, HK\$1.7 million and HK\$2.3 million, respectively. We expect to pay our liabilities from our internal financial resources, including but not limited to cash generated from operations, as and when they fall due.

Our net current assets increased by approximately HK\$4.4 million from approximately HK\$5.4 million as at 31 March 2015 to approximately HK\$9.8 million as at 31 March 2016, representing an increase of approximately 83.7%. Such increase was mainly due to (i) increase in trade and other receivables of approximately HK\$4.5 million; (ii) decrease in bank borrowings – due within one year of approximately HK\$0.9 million; (iii) increase in current portion of amount due from a director by approximately HK\$5.4 million; and (iv) increase in bank balances and cash of approximately HK\$1.6 million; mitigated by (i) decrease in amounts due from related companies by approximately HK\$4.5 million; and (ii) increase in tax payable by approximately HK\$2.7 million.

Our net current assets decreased by approximately HK\$1.8 million from approximately HK\$9.8 million as at 31 March 2016 to approximately HK\$8.0 million as at 31 July 2016, representing a decrease of approximately 18.3%. Such decrease was mainly due to (i) the decrease in amounts due from related companies of approximately HK\$1.5 million; (ii) decrease in net amount due from a director of approximately HK\$6.2 million; (iii) increase in trade and other payables of approximately HK\$3.5 million; and (iv) decrease in bank balances and cash of approximately HK\$1.3 million, mitigated by (i) decrease in bank borrowings of approximately HK\$6.1 million; (ii) decrease in tax payable by approximately HK\$2.8 million; (iii) increase in trade and other receivables of approximately HK\$0.8 million and (iv) increase in inventory of approximately HK\$0.9 million.

Our net current assets decreased by approximately HK\$2.7 million from approximately HK\$8.0 million as at 31 July 2016 to approximately HK\$5.4 million as at 31 October 2016, representing a decrease of approximately 33.4%. Such decrease was mainly due to (i) the increase in trade and other payables of approximately HK\$4.6 million; (ii) the slight increase in tax payable of approximately HK\$0.6 million; and (iii) the decrease in amount due from a related company of approximately HK\$0.6 million, mitigated by (i) the increase in trade and other receivables of approximately HK\$2.8 million; and (ii) the decrease in bank borrowings of approximately HK\$0.9 million.

DESCRIPTION AND ANALYSIS OF PRINCIPAL ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories mainly represented EFT-POS terminals and peripheral devices sourced for our customers. Our inventories amounted to approximately HK\$0.3 million as at 31 March 2015 and approximately HK\$0.9 million as at 31 July 2016. We had no inventories as at 31 March 2016. Our inventories increased from nil as at 31 March 2016 to approximately HK\$0.9 million as at 31 July 2016, which represented the purchase of EFT-POS terminals to meet orders received from customers. As at the Latest Practicable Date, approximately 80.2% of our inventories as at 31 July 2016 were subsequently sold. Our inventories were relatively insignificant to our total assets. We normally do not hold inventory as we usually procure when we receive confirmed orders from our customers.

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The following table sets forth our inventory turnover days during the Track Record Period:

	Year ended		Four months
	31 March		ended
	2015	2016	31 July
			2016
Inventory turnover days ^(Note)	87.3	5.5	15.0

Note: Inventory turnover days are calculated by dividing the average inventory balance by cost of inventories recognised as expenses multiplied by the number of days during the year/period (i.e. 365 days for year ended 31 March 2015 and 366 days for year ended 31 March 2016 as well as 122 days for the four months ended 31 July 2016). Average inventory balance is the average of the beginning and ending inventory balances of the relevant year/period.

Our inventory turnover days for the year ended 31 March 2015 and 2016 were approximately 87.3 days and 5.5 days. The high turnover days for the year ended 31 March 2015 was mainly due to the relatively large batch of inventories as at 31 March 2014 sourced for a customer which has already been subsequently sold in the year ended 31 March 2015 and thus it boosted up the average inventory balance and thus the inventory turnover days for the year ended 31 March 2015. Our inventory level as at 31 March 2016 was relatively low, as a result, our inventory turnover days for the year ended 31 March 2016 was also relatively low.

Our inventory turnover days for the four months ended 31 July 2016 was approximately 15.0 days. The higher inventory turnover day as at 31 July 2016 as compared to that of 31 March 2016 was mainly due to a batch of inventories sourced to meet orders from customers which in turn increase the average inventory balance as at 31 July 2016 whereas we had no inventory as at 31 March 2016.

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sales. We closely monitor our inventory and seek to maintain low level of inventory. Our inventory policy is to conduct physical count on inventory at least once a year. Our management performs regular review on the carrying amounts of the inventories with reference to ageing analysis of inventories, projection of expected future saleability of goods and management judgment based on their experience. Our policy on obsolete or slow moving or damaged inventories is to write off such inventories when our management consider those inventories have no residual value. Although our inventories as at 31 March 2015 and 31 July 2016 aged up to 180 days, in view of the full subsequent sales for balance as at 31 March 2015 and approximately 80.2% of subsequent sales of balance as at 31 July 2016, our management considered that no provision of inventories was necessary as at 31 March 2015 and 31 July 2016.

Trade and other receivables

As at 31 March 2015, 31 March 2016 and 31 July 2016, our trade and other receivables mainly represented trade receivables from customers for sourcing and from the provision of EFT-POS System Support Service. The following table sets forth the breakdown of trade and other receivables as at the end of each financial year/period of the Track Record Period:

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	As at 31 March		As at
	2015	2016	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	6,782	8,730	9,994
Prepayment and deposits	292	2,836	2,385
	<hr/>	<hr/>	<hr/>
Total	7,074	11,566	12,379
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Trade receivables

Our trade receivables increased by approximately HK\$1.9 million from approximately HK\$6.8 million as at 31 March 2015 to approximately HK\$8.7 million as at 31 March 2016, representing an increase of approximately 28.7%. Such increase was mainly due to (i) the increase in trade receivables from Customer B for the year ended 31 March 2016 by approximately HK\$2.6 million which mainly represented the receivables from sourcing made in the fourth quarter of the year ended 31 March 2016 for such customer, while no receivables in relation to sourcing for such customer as at 31 March 2015; and (ii) receivables of approximately HK\$0.6 million charged for a new software solution services project related to the development of an ERM software solution which was still ongoing as at 31 March 2015. Such increase was mitigated by the decrease in receivables of the largest customer during the Track Record Period by approximately HK\$1.1 million mainly due to the shorter repayment cycle of such customer in the year ended 31 March 2016 as compared to the year ended 31 March 2015.

Our trade receivables further increased by approximately HK\$1.3 million from approximately HK\$8.7 million as at 31 March 2016 to approximately HK\$10.0 million as at 31 July 2016, representing an increase of approximately 14.5%. Such increase was primarily due to the increase of receivables from the largest customer of approximately HK\$1.2 million mainly due to the payment from such customer in March 2016 which resulted in lower balance as at 31 March 2016 and Customer C of approximately HK\$0.6 million as a result of the increase in amount of orders for EFT-POS terminals delivered toward the end of period for the four months ended 31 July 2016 whereas no such orders delivered toward the end of the year ended 31 March 2016, mitigated by the decrease of receivables from Customer B of approximately HK\$0.7 million as lesser orders of EFT-POS terminals have been sourced by Customer B for the four months ended 31 July 2016.

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The following table sets forth the ageing analysis of our trade receivables based on the invoice date as at the dates indicated:

	As at 31 March					
	2015		2016		As at 31 July 2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Within 30 days	2,177	32.1	4,153	47.6	3,973	39.8
31-60 days	3,205	47.3	3,543	40.6	2,052	20.5
61-90 days	371	5.5	221	2.5	1,786	17.9
91-180 days	1,029	15.1	734	8.4	2,183	21.8
Over 365 days	–	–	79	0.9	–	–
Total	<u>6,782</u>	<u>100.0</u>	<u>8,730</u>	<u>100.0</u>	<u>9,994</u>	<u>100.0</u>

The following table sets forth the ageing analysis of our trade receivables based on the due date as at the dates indicated:

	As at 31 March					
	2015		2016		As at 31 July 2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Current	2,177	32.1	4,153	47.6	3,973	39.8
1-30 days	3,205	47.3	3,543	40.6	2,052	20.5
31-60 days	371	5.5	221	2.5	1,786	17.9
61-90 days	–	–	539	6.2	373	3.7
91-180 days	1,029	15.1	195	2.2	1,810	18.1
Over 365 days	–	–	79	0.9	–	–
Total	<u>6,782</u>	<u>100.0</u>	<u>8,730</u>	<u>100.0</u>	<u>9,994</u>	<u>100.0</u>

The payment terms to our sourcing customers are generally made with reference to the payment terms offered by our suppliers. In the event that our suppliers require full settlement or 50% down payment prior to shipment, we generally require same payment terms from our customers. Otherwise, we generally offer payment terms of up to 30 days after the invoice to these customers. For EFT-POS System Support Service and software solution services, we generally offer payment terms of up to 30 days from the date of invoice. During the Track Record Period, we did not impair any receivables.

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	Year ended 31 March		Four months ended 31 July
	2015	2016	2016
Trade receivables turnover days ^(Note)	52.7	61.7	68.5

Note: Trade receivables turnover days are calculated by dividing the average trade receivables balance by revenue for the relevant year multiplied by the number of days during the year/period (i.e. 365 days for the year ended 31 March 2015 and 366 days for the year ended 31 March 2016 as well as 122 days for the four months ended 31 July 2016). Average trade receivables balance is the average of the beginning and ending trade receivables balances for the relevant year/period.

Our trade receivables turnover days increased by approximately 9.0 days from 52.7 days for the year ended 31 March 2015 to 61.7 days for the year ended 31 March 2016, representing an increase of approximately 17.1%. Such increase was mainly due to the lower trade receivables as at 31 March 2014 which was in line with the increase in revenue from the year ended 31 March 2014 to the year ended 31 March 2015.

Our trade receivables turnover days increased by approximately 6.8 days from 61.7 days for the year ended 31 March 2016 to 68.5 days for four months ended 31 July 2016, representing an increase of approximately 11.0%. Such increase was mainly because payment term to Customer B changed to up to 30 days of invoice during the four months ended 31 July 2016.

Approximately 32.1%, 47.6% and 39.8% of the total trade receivable as at 31 March 2015, 31 March 2016 and 31 July 2016, respectively were neither past due nor impaired and approximately 47.3%, 40.6% and 20.5% of the total trade receivables as at 31 March 2015, 31 March 2016 and 31 July 2016, respectively were within 30 days past due. Our Directors considered that no impairment for those balances is necessary as they were slightly past due within acceptable timeframe.

Trade receivables overdue 60 days accounted for only approximately 15.1% and 9.3% of the total balances as at 31 March 2015 and 31 March 2016 respectively. These balances mainly represented the balances due from our recurring customers, for whom there were no recent history of default. Thus, our Directors are of the view that such receivables are fully recoverable.

The receivables that were past due, amounting to approximately HK\$4.6 million and HK\$4.6 million, were assessed as not impaired as at 31 March 2015 and 31 March 2016, respectively. The balance is related to a number of independent customers, of which approximately HK\$3.9 million, HK\$3.3 million were due from our five largest customers for each of the year ended 31 March 2015 and 2016, respectively, for whom there is no significant financial difficulty and based on past payment records, our Directors are of opinion that, the overdue amounts can be recovered. Furthermore, based on past experience, our Directors are of the opinion that no provision for impairment is necessary for the above balances as the balances are considered fully recoverable and there has been no significant change in credit quality of these customers.

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Trade receivables as at 31 July 2016 that were past due and assessed as not impaired amounted to approximately HK\$6.0 million, out of which approximately HK\$2.1 million or 34.1% were within 30 days past due. Our Directors considered that no impairment for those balances is necessary as they were slightly past due within acceptable timeframe. Trade receivables as at 31 July 2016 which were past due over 30 days but within 60 days amounted to approximately HK\$1.8 million and past due over 60 days amounted to approximately HK\$2.2 million, representing approximately 29.7% and 36.3% of the total balance past due respectively. Out of the total balance as at 31 July 2016 which were past due over 30 days of approximately HK\$4.0 million, approximately HK\$1.0 million and approximately HK\$1.7 million were due from PAX and Customer B respectively, being two of our five largest customers during the Track Record Period. PAX is a listed company in Hong Kong with positive net current asset and net asset and Customer B is a well-established bank in the PRC listed in Hong Kong with strong and solid financial position. In view of the strong financial positions and good payment records of both PAX and Customer B, our Directors are of the view that no impairment implication on receivables of PAX and Customer B are noted. As at the Latest Practicable Date, all of the receivables of PAX as at 31 July 2016 and approximately HK\$0.3 million of the receivables of Customer B as at 31 July 2016 that were past due over 30 days have been subsequently settled. Base on the above, our Directors are of the opinion that no provision for impairment is necessary for the above balances as they are considered fully recoverable. As at the Latest Practicable Date, approximately 72.3% of our total trade receivables as at 31 July 2016 were subsequently settled and excluding the balance of Customer B, approximately 92.9% of our total trade receivables as at 31 July 2016 were subsequently settled.

Prepayment and other deposits

Current portion of our prepayments and other deposits mainly represented (i) prepaid Listing expenses; and (ii) rental, trade and utilities deposits. The significant increase from 31 March 2015 to 31 March 2016 was mainly due to the recognition of approximately HK\$2.6 million as prepayment as a result of the prepaid Listing expenses. The balance decreased by approximately HK\$0.4 million from approximately HK\$2.8 million as at 31 March 2016 to approximately HK\$2.4 million as at 31 July 2016, representing a decrease of approximately 15.9%. Such decrease was mainly attributable to the net effect of the amortisation and addition of prepaid Listing expenses of approximately HK\$0.5 million.

Amounts due from/to a director and related companies

All amounts due from related companies as at 31 March 2015 were non-trade nature, unsecured, interest free and repayable on demand, save for (i) amounts of approximately HK\$2.4 million from EFT Payments were trade nature, unsecured, interest free and with credit terms of 30 days; and (ii) amount of approximately HK\$0.6 million from Guangzhou Yifude was trade nature, unsecured, interest free and with credit terms of 30 days. In February 2016, EFT Solutions declared dividends of HK\$15.1 million to Mr. Lo which was distributed to Mr. Lo, the then sole shareholder of EFT Solutions, by way of setting-off with receivables from related companies which had been taken up by Mr. Lo and amounts due from Mr. Lo and thus the then amounts due from Mr. Lo and related companies have been settled, except the amounts due from EFT Payments of approximately HK\$2.2 million, which was non-trade nature.

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Amount due from a director as at 31 March 2015 and 31 March 2016 mainly represented the advances to Mr. Lo mainly for the purpose of the Mortgage Arrangement (as defined in the sub-section headed “Indebtedness” in this section) as detailed in Note 24 to the Accountants’ Report set out in the Appendix I to this prospectus.

The non-current portion of amount due from Mr. Lo was unsecured and repayable on demand. Carrying amount of approximately HK\$6.8 million as at 31 March 2015 respectively is interest bearing whilst the remaining balance as at 31 March 2015 and the balance as at 31 March 2016 is interest-free. In May 2016, we agreed with the bank to terminate the Mortgage Arrangement (as defined in the sub-section headed “Indebtedness” in this section) and the outstanding Mortgage (as defined in the sub-section headed “Indebtedness” in this section) has been taken up by Mr. Lo and Ms. Lam. For details, see Note 21 to the Accountants’ Report set out in the Appendix I to this prospectus. As at the Latest Practicable Date, all of the amounts due from related companies and our Director as at 31 March 2016 have been settled.

As at 31 July 2016, net amount due from a Director amounted to approximately HK\$0.3 million which was mainly represented the payment on behalf of the portion of Listing expenses borne by Mr. Lo. The amount due from a related company amounted to HK\$0.7 million as at 31 July 2016 represented the amount due from EFT Payments arising from transactions which were trade nature. For details, please refer to the section headed “Connected transactions” in this prospectus. All of the amounts due from/to our Director and due from the related companies will be settled upon Listing.

Trade and other payables

Our trade and other payables during the Track Record Period mainly included trade payables to vendors, including the EFT-POS terminal manufacturers and service providers, deferred revenue and other payables and accrued expenses. The following table sets forth the breakdown of our trade and other payables as at the end of each year of the Track Record Period:

	As at 31 March		As at
	2015	2016	31 July
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Trade payables	97	37	189
Deferred revenue	168	79	117
Other payables and accrued expenses	478	990	4,285
	743	1,106	4,591
Total	743	1,106	4,591

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Trade payables

Our trade payables represented payables to the service provider of call centre services, which were aged within 30 days as at 31 March 2015 and 31 March 2016. Apart from that, our trade payables as at 31 July 2016 also included the payable for outsourced programming work for Android application and all trade payables as at 31 July 2016 aged within or approximately 90 days. Our trade payables decreased by approximately HK\$60,000 from approximately HK\$97,000 as at 31 March 2015 to approximately HK\$37,000 as at 31 March 2016, representing a decrease of approximately 61.9%. The amount as at 31 March 2015 represented three months fees payables while the amount as at 31 March 2016 represented only one month fee payables. Our trade payables balance increased by approximately HK\$0.1 million from approximately HK\$37,000 as at 31 March 2016 to approximately HK\$0.2 million as at 31 July 2016, representing an increase of approximately 4.1 times. The increase was primarily attributable to the payable for the outsourced programming work for Android application in relation to the ERM software solution project amounted to approximately HK\$0.1 million.

	Year ended 31 March		Four months ended 31 July
	2015	2016	2016
Trade payables turnover days ^(Note)	6.7	1.0	1.5

Note: Trade payables turnover days are calculated by dividing the average trade payables balance by cost of sales for the relevant year multiplied by the number of days during the year/period (i.e. 365 days for the year ended 31 March 2015 and 366 days for the year ended 31 March 2016 as well as 122 days for the four months ended 31 July 2016). Average trade payables balance is the average of the beginning and ending trade payables balances for the relevant year/period.

Our average trade payables turnover days were 6.7 days, 1.0 day and 1.5 days, for the year ended 31 March 2015 and 2016 and four months ended 31 July 2016 respectively. We do not have significant trade payables as we usually settled substantial balances payables to our suppliers and vendors before the end of each year/period of the Track Record Period and thus our trade payables turnover days remained relatively low during the Track Record Period. The relatively higher trade payables turnover days for the year ended 31 March 2015 as compared that for the year ended 31 March 2016 was mainly due to trade payables from a supplier for EFT-POS terminals which had not been settled as at 31 March 2014. The trade payables turnover days remained relatively stable for the year ended 31 March 2016 and the four months ended 31 July 2016. As at the Latest Practicable Date, all of our trade payables as at 31 July 2016 had been subsequently settled.

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Deferred revenue

As at 31 March 2015, 31 March 2016 and 31 July 2016, our Group had deferred revenue of approximately HK\$0.2 million, HK\$79,000 and HK\$0.1 million, respectively, which mainly represented the amount received for annual maintenance services fees of EFT-POS terminals which were not yet recognised as revenue as at the end of each year ended 31 March 2015 and 2016 and the four months ended 31 July 2016.

Other payables and accrued expenses

As at 31 March 2015 and 31 March 2016, our Group had other payables and accrued expenses of approximately HK\$0.5 million and HK\$1.0 million, respectively, which mainly represented (i) various accrued expenses, among others, freight and transportation and audit fees; and (ii) customer deposits for sourcing and EFT-POS System Support Service. The increase was mainly due to the accrued audit fees and other expenses for Listing. As at 31 July 2016, the other payables and accrued expenses increased by approximately HK\$3.3 million from approximately HK\$1.0 million as at 31 March 2016 to approximately HK\$4.3 million as at 31 July 2016, representing an increase of approximately 3.3 times, which was mainly attributable to the increase in accrued Listing expenses for the four months ended 31 July 2016.

Tax payable

Our current income tax liabilities comprise Hong Kong profits tax. Our current income tax liabilities increased from approximately HK\$1.8 million as at 31 March 2015 to approximately HK\$4.5 million as at 31 March 2016 mainly because of income tax expenses of approximately HK\$2.8 million for the year ended 31 March 2016, netting off the payment of approximately HK\$0.1 million for such year.

Our current income tax liabilities decreased by approximately HK\$2.8 million from approximately HK\$4.5 million as at 31 March 2016 to approximately HK\$1.7 million as at 31 July 2016, representing a decrease of approximately 62.3%. Such decrease was primarily due to the settlement of Hong Kong profits tax of approximately HK\$3.8 million during the four months ended 31 July 2016, which was partially mitigated by the provision of tax liabilities of approximately HK\$0.9 million during the four months ended 31 July 2016.

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INDEBTEDNESS

Borrowings

The table below sets forth the breakdown of our total borrowings as at the dates indicated:

	As at 31 March		As at 31 July 2016	As at 31 October 2016
	2015	2016	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>
Bank borrowings, secured and guaranteed with variable interest rates:				
Mortgage	6,804	6,389	–	–
Term loan	3,083	2,583	–	–
Tax loan	–	–	2,824	1,883
	<u>9,887</u>	<u>8,972</u>	<u>2,824</u>	<u>1,883</u>
Carrying amount repayable (according to schedule repayment term):				
– Within one year	914	923	2,824	1,883
– More than one year, but not exceeding two years	923	932	–	–
– More than two years, but not exceeding five years	2,824	2,852	–	–
– More than five years	5,226	4,265	–	–
Total	<u>9,887</u>	<u>8,972</u>	<u>2,824</u>	<u>1,883</u>

Bank borrowings

Bank borrowings as at 31 March 2015 and 2016 represented the bank loans borrowed from a major commercial bank in Hong Kong of (i) mortgage loans; and (ii) term loan for the operation of our Group. Bank borrowings as at 31 July 2016 and 31 October 2016 solely represented tax loan of approximately HK\$2.8 million and HK\$1.9 million, respectively. During the year ended 31 March 2015, Mr. Lo and Ms. Lam, have purchased three industrial properties located in Hong Kong (the “Properties”) on their own with the intent of using these properties as our corporate headquarters, warehouse and repair centre. At the same time, our Group raised mortgage loans (“Mortgage”) with principal amounts of approximately HK\$7.1 million from the bank in Hong Kong to finance the purchase of the Properties, while Mr. Lo

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agreed with our Group that himself to bear the principal of the same amount and the relevant interest (collectively referred to as the “Mortgage Arrangement”) and included in the amount due from Mr. Lo. Under the Mortgage Arrangement, our Group made monthly repayment on the Mortgage and pays the relevant interest expenses. The outstanding balance of the Mortgage as at 31 March 2015 and 31 March 2016 were approximately HK\$6.8 million and HK\$6.4 million, respectively. Such decreases were due to the respective repayment of bank borrowings.

Our Group also borrowed a term loan (the “Term Loan”) amounted to approximately HK\$3.1 million and HK\$2.6 million, respectively, as at 31 March 2015 and 31 March 2016 for its operation. Such decreases were mainly due to the respective repayment according to the payment term. Such term loans have been fully settled in May 2016.

Our borrowings are denominated in HK\$, of which all of them were repayable within one year or repayable after one year subject to a repayable on demand clause in the facility letters as at 31 March 2015, 31 March 2016, 31 July 2016 and 31 October 2016, respectively. The bank borrowings were interest bearing. As at 31 March 2015, 31 March 2016, 31 July 2016 and 31 October 2016, the weighted average effective interest rate of our bank loans were approximately 2.49%, 2.47%, 2.94% and 3.04% per annum, respectively.

In April 2016, our Group has drawn a loan for tax purpose (the “Tax Loan”) of approximately HK\$3.8 million. The Tax Loan is guaranteed by Mr. Lo and secured by one of the Properties which is owned by Mr. Lo and such security will be released upon Listing and replaced by the corporate guarantee by our Company. It is not expected to have any material change in terms of the borrowings upon release of the aforesaid guarantees. Other than the Tax Loan, our Group did not have other borrowing and banking facilities as at 31 July 2016 and 31 October 2016. We plan to repay our borrowings with cash generated from our operations as and when they fall due.

The Mortgage and the Term Loan as at 31 March 2015 and 2016 were under the banking facilities amounted to approximately HK\$16.2 million and HK\$15.7 million, respectively, of which approximately HK\$9.9 million and HK\$9.0 million have drawn down, and approximately HK\$6.3 million and HK\$6.7 million were not utilised, respectively. The banking facilities were secured by (i) the Properties; (ii) the property owned by Mr. Lo and Mr. Lo Chun Wa; (iii) personal guarantee by Mr. Lo and Ms. Lam; and (iv) a cross guarantee by Affinity Corporation Limited. In May 2016, our Group agreed with the bank to terminate the Mortgage Arrangement and the outstanding Mortgages have been taken up by Mr. Lo and Ms. Lam and the banking facilities have been cancelled by our Group. Accordingly, all of the above security and personal guarantees incidental to the facilities have also been cancelled.

Our Directors confirmed that there was neither material delay nor default in payment of our trade payables and bank borrowings, nor did we breach any relevant finance covenants, during the Track Record Period and up to the Latest Practicable Date. There was no material covenant relating to our Group’s outstanding debts. We intend to continue to finance portions of our capital expenditure primarily with cash generated from our operating activities and net proceeds from the issue of New Shares under the Share Offer.

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As at 31 October 2016, except as disclosed in this section, our Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities. Our Directors confirm that save as disclosed in this section, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since 31 October 2016.

WORKING CAPITAL

Historically, we have met our working capital and other liquidity requirements principally from cash generated from our operations and bank borrowings. During the Track Record Period, we met our capital requirement principally with cash generated from our operations. After taking into account the cash flows from the operating activities and the existing financial resources available to our Group as follows:

- cash and cash equivalents of approximately HK\$2.6 million, HK\$4.2 million and HK\$2.8 million as at 31 March 2015 and 2016 and 31 July 2016, respectively;
- cash and cash equivalents of approximately HK\$2.6 million as at 31 October 2016 based on our Group's unaudited management accounts; and
- the estimated net proceeds from the issue of New Shares from the Share Offer of approximately HK\$28.5 million (assuming an Offer Price of HK\$0.50 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.40 to HK\$0.60 per Offer Share).

Taking into account the financial resources available to our Group, including the internally generated funds, banking facilities in relation to the Tax Loan and the estimated net proceeds from the issue of New Shares under the Share Offer, our Directors are of the opinion that our Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this prospectus.

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KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated:

	For the year ended		Four months
	31 March		ended 31 July
	2015	2016	2016
Net profit(loss) margin before interest and tax ^(Note 1)	33.5%	35.6%	(4.7)%
Net profit(loss) margin ^(Note 2)	27.5%	28.9%	(11.1)%
Return on equity ^(Note 3 and 10)	73.9%	117.8%	N/A
Return on total assets ^(Note 4 and 10)	37.9%	51.3%	N/A
Interest coverage ratio ^(Note 5)	53.1	69.6	N/A
			As at
	As at 31 March		31 July
	2015	2016	2016
Current ratio ^(Note 6)	1.4	1.7	1.9
Quick ratio ^(Note 7)	1.4	1.7	1.8
Gearing ratio ^(Note 8)	75.5%	79.5%	29.9%
Debt to equity ratio ^(Note 9)	55.7%	42.6%	N/A

Notes:

1. Net profit margin before interest and tax is calculated based on the net profit before interest and tax divided by total revenue for the year/period multiplied by 100%.
2. Net profit margin is calculated by dividing the net profit for the year/period by total revenue for the year/period and multiplied by 100%.
3. Return on equity equals to net profit for the year/period divided by total equity at the end of the year/period and multiplied by 100%.
4. Return on assets equals to net profit for the year/period divided by total assets at the end of the year/period and multiplied by 100%.
5. Interest coverage ratio equals to the net profit before interest and tax for the year/period divided by the net interest expenses for the year/period.
6. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the year/period.
7. Quick ratio is calculated based on the total current assets netting of inventories divided by the total current liabilities as at the end of the year/period.
8. Gearing ratio is calculated by dividing the sum of borrowings by the total equity as at the end of each year/period and multiplied by 100%.
9. Debt to equity ratio is calculated by netting off the sum of borrowings with cash and cash balances (but excluding restricted cash) then divided by the total equity as at the end of each year/period and multiplied by 100%.
10. Return on equity and return on total assets for the four months ended 31 July 2016 are not comparable to those for the years ended 31 March 2015 and 2016.

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Net profit margin before interest and tax and net profit margin

Our net profit margin before interest and tax increased by approximately 2.1 percentage points from approximately 33.5% for the year ended 31 March 2015 to approximately 35.6% for the year ended 31 March 2016 and net profit margin increased by 1.4 percentage points from approximately 27.5% for the year ended 31 March 2015 to approximately 28.9% for the year ended 31 March 2016. Such increase was mainly attributable to the increase in (i) revenue from sourcing of EFT-POS terminals and peripheral devices, of which (a) our Group sourced more advanced models of EFT-POS terminals to a major commercial bank, being our fourth largest and second largest customer for each years ended 31 March 2015 and 2016, respectively; and (b) our Group sourced more quantity of EFT-POS peripheral devices to our second largest and third largest customer for each years ended 31 March 2015 and 2016, respectively which such devices generated relatively higher margin; and (ii) revenue from EFT-POS System Support Service due to increase in average monthly system support fee and average monthly units of the EFT-POS terminals installed, maintained and repaired. Excluding the Listing expenses of approximately HK\$1.0 million charged for the year ended 31 March 2016, the net profit margin before interest and tax and net profit margin would increase to approximately 37.7% and 31.0% for the year ended 31 March 2016 respectively.

For the four months ended 31 July 2016, we recorded net loss margin before interest and tax and net loss margin of 4.7% and 11.1% respectively mainly owing to the Listing expenses of approximately HK\$6.6 million incurred during the period and the decrease in gross profit. Excluding such Listing expenses, our net profit margin before interest and tax and net profit margin would be 34.9% and 28.5% respectively, which was comparable to those for the year ended 31 March 2015 and 2016.

Return on equity

Our return on equity increased by approximately 43.9 percentage points from approximately 73.9% for the year ended 31 March 2015 to approximately 117.8% for the year ended 31 March 2016. Such increase was mainly attributable to the combined effect of (i) the decrease in equity due to the dividends of HK\$15.1 million distributed to Mr. Lo during the year ended 31 March 2016 netting off by the net profit for the year ended 31 March 2016; and (ii) the increase in net profit after interest and tax from the year ended 31 March 2015 to the year ended 31 March 2016.

Return on total assets

Our return on total assets increased by approximately 13.4 percentage points from approximately 37.9% as at 31 March 2015 to approximately 51.3% as at 31 March 2016. Such increase was mainly attributable to the increase in net profit after interest and tax for the year ended 31 March 2016 as the total value of assets of our Group remained relatively stable as at 31 March 2016 as compared to 31 March 2015.

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Interest coverage ratio

Our interest coverage increased from approximately 53.1 times for the year ended 31 March 2015 to approximately 69.6 times for the year ended 31 March 2016. Since the interest expense of our Group remained at a stable level for the year ended 31 March 2016 as compared to the year ended 31 March 2015, such increase in interest coverage was mainly attributable to the increase in net profit before interest and tax.

We recorded loss before interest and tax as a result of the Listing expenses incurred and the decrease in gross profit for the four months ended 31 July 2016 and thus interest coverage ratio was not applicable. Excluding the Listing expense, the interest coverage for the four months ended 31 July 2016 would be approximately 43.4 times.

Current ratio and Quick ratio

Our current ratio is approximately the same as quick ratio due to its insignificant level of inventory as at 31 March 2015 and 2016. Our Group's current ratio and quick ratio increased from approximately 1.4 times as at 31 March 2015 to approximately 1.7 times as at 31 March 2016. Such increase was primarily due to (i) the increase in trade and other receivables of approximately HK\$4.5 million; (ii) the decrease in bank borrowings which due within one year of approximately HK\$0.9 million; (iii) the increase in current portion of amount due from a director by approximately HK\$5.4 million; and (iv) the increase in bank balances and cash of approximately HK\$1.6 million mitigated by (i) the decrease in amounts due from related companies by approximately HK\$4.5 million; and (ii) the increase in tax payable by approximately HK\$2.7 million.

Our current ratio as at 31 July 2016 is approximately at the same level as compared to quick ratio due to insignificant level of inventory as at 31 July 2016. Our Group's current ratio and quick ratio increased from approximately 1.7 times and 1.7 times as at 31 March 2016 to 1.9 times and 1.8 times as at 31 July 2016 respectively. Such increase was primarily due to (i) the increase in inventories of approximately HK\$0.9 million; (ii) the increase in trade and other receivables of approximately HK\$0.8 million; (iii) the decrease in bank borrowings of approximately HK\$6.1 million; and (iv) the decrease in tax payables of approximately HK\$2.8 million, mitigated by (i) the decrease in net amount due from a Director of approximately HK\$6.2 million; (ii) the decrease in amounts due from related companies of approximately HK\$1.5 million; (iii) the decrease in bank balance and cash of approximately HK\$1.3 million, respectively; and (iv) the increase in trade and other payables of approximately HK\$3.5 million.

Gearing ratio

Our gearing ratio increased by approximately 4.0 percentage points from approximately 75.5% as at 31 March 2015 to approximately 79.5% as at 31 March 2016. Such increase was mainly attributable to the decrease in total equity of approximately HK\$1.8 million, despite the slight decrease in bank borrowings of approximately HK\$0.9 million as at 31 March 2016 as compared to 31 March 2015.

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Our gearing ratio decreased from approximately 79.5% as at 31 March 2016 to approximately 29.9% as at 31 July 2016. Such decrease was mainly attributable to the decrease in our borrowings as a result of the repayment of the Term Loan and settlement of the Mortgage of approximately HK\$9.0 million netting off with the net proceed of Tax Loan amounted approximately HK\$2.8 million during the four months ended 31 July 2016.

Debt to equity ratio

Our debt to equity ratio decreased by approximately 13.1 percentage points from approximately 55.7% as at 31 March 2015 to approximately 42.6% as at 31 March 2016. Such decrease was primarily attributable to the decrease in net debt of our Group as a result of the combined effect of (i) the decrease in bank borrowings of approximately HK\$0.9 million; (ii) the increase in bank balances and cash of approximately HK\$1.6 million and the decrease in total equity of approximately HK\$1.8 million. Debt to equity ratio was not applicable to our Group as at 31 July 2016 as our Group recorded net cash as at 31 July 2016.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any off-balance sheet arrangements.

SENSITIVITY AND BREAKEVEN ANALYSIS

Sensitivity analysis

Our cost of sales mainly comprised (i) cost of inventories, which represented the purchase cost of EFT-POS terminals and peripheral devices, which amounted to approximately HK\$7.9 million, HK\$9.6 million and HK\$3.8 million for each of the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively, representing approximately 22.5%, 20.8% and 22.9% of the total revenue respectively; (ii) staff cost included in cost of goods sold and services, which amounted to approximately HK\$9.9 million, HK\$11.1 million and HK\$3.4 million for each of the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively, representing approximately 28.1%, 24.2% and 20.3% of the total revenue respectively. Any material fluctuation in our cost of inventories and direct staff cost which we cannot reflect in the prices offered to our customers may affect the result of our operations. A hypothetical sensitivity analysis on the approximate impact of 5% and 10% changes in cost of inventories and direct staff cost with all other variables remain constant, on our profit for each year during the Track Record Period is illustrated below:

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	Increase/(decrease) in profit for year ended 31 March				Decrease/(increase) in loss for the four months ended 31 July 2016	
	Cost of inventories		Staff cost in cost of goods sold and service		Cost of inventories	Staff cost in cost of goods sold and service
	2015	2016	2015	2016		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase 5%	(396)	(478)	(496)	(557)	(191)	(169)
Decrease 5%	396	478	496	557	191	169
Increase 10%	(793)	(955)	(991)	(1,115)	(381)	(338)
Decrease 10%	793	955	991	1,115	381	338

Breakeven analysis

For the year ended 31 March 2015, it is estimated that (i) with a decrease in turnover of approximately 32.8% and all other variables held constant, our Group would achieve breakeven; and (ii) with an increase in cost of goods sold and services of approximately 55.0% and all other variables held constant, our Group would achieve breakeven.

For the year ended 31 March 2016, it is estimated that (i) with a decrease in turnover of approximately 35.1% and all other variables held constant, our Group would achieve breakeven; and (ii) with an increase in cost of goods sold and services of approximately 63.8% and all other variables held constant, our Group would achieve breakeven.

For the four months ended 31 July 2016, it is estimated that, excluding Listing expenses of HK\$6.6 million incurred for the period, (i) with a decrease in turnover of approximately 34.1% and all other variables held constant, our Group would achieve breakeven; and (ii) with an increase in cost of goods sold and services of approximately 62.5% and all other variables held constant, our Group would achieve breakeven.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in Note 32 to the Accountants' Report set out in the Appendix I to this prospectus. Our Directors confirm that these transactions were conducted on arm's length basis, normal commercial terms and were no less favourable than terms available from Independent Third Parties which are considered fair and reasonable.

Having considered that the amounts of these related party transactions are immaterial, our Directors are of the view that the aforesaid related party transactions did not distort our financial results during the Track Record Period or cause our Track Record Period results to be unreflective of our future performance.

For details of related party transactions that will continue after Listing, please refer to section headed "Connected transactions" in this prospectus.

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PROPERTY INTERESTS

We leased four workshops in Hong Kong for use as our corporate headquarters, warehouse and repair centre, and one car parking space as at the Latest Practicable Date, please see the sub-section headed “Business – Properties” for details.

CAPITAL EXPENDITURES

Historical capital expenditures

During the Track Record Period, our capital expenditures primarily comprised purchase of property, plant and equipment of approximately HK\$1.2 million, HK\$1.0 million and HK\$0.1 million for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively. We principally funded our capital expenditures through internal resources.

Planned capital expenditures

Save for the planned usage of the net proceeds from the issue of New Shares under the Share Offer as disclosed in the section headed “Statement of business objectives and use of proceeds” in this prospectus, our Group had no material planned capital expenditures as at the Latest Practicable Date.

CONTRACTUAL OBLIGATIONS

Operating lease commitments

During the Track Record Period, we occupied premises for our corporate headquarters, warehouse and repair centre under operating lease arrangements. As at 31 March 2015, 31 March 2016, 30 April 2016 and 31 July 2016, our Group had the following future minimum rental payable under non-cancellable operating leases:

At the end of each reporting period, our Group had commitments for future minimum lease payments under non-cancellable operating leases with Mr. Lo and Ms. Lam (as the case may be) and Mr. Lo Chun Wa in respect of premises which fall due as follows:

	As at 31 March		As at
	2015	2016	31 July
	HK\$'000	HK\$'000	2016
			HK\$'000
Within one year	–	1,116	1,476
In the two to three years	–	2,046	2,460
	–	3,162	3,936

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Operating lease payments represent rentals payable by our Group for certain of its premises owned by Mr. Lo and Ms. Lam (as the case may be). Leases are negotiated and rentals are fixed throughout the terms of the tenancy agreements.

The operating lease commitments increased from approximately HK\$3.2 million as at 31 March 2016 to approximately HK\$3.9 million as at 31 July 2016, representing an increase of approximately HK\$0.7 million or 24.5%. The increase was mainly due to the entering into of the Tenancy Agreements (as defined in the section headed “Connected transaction” of this prospectus).

DIVIDEND

During the year ended 31 March 2016, EFT Solutions declared dividends of approximately HK\$15.1 million to Mr. Lo which was distributed to Mr. Lo, the then sole shareholder of EFT Solutions, by way of setting-off with receivables from related companies which had been taken up by Mr. Lo and amounts due from Mr. Lo. Save for the aforesaid, no dividends have been declared and paid by the companies now comprising our Group to their then respective shareholders during the Track Record Period and up to the Latest Practicable Date.

The declaration of future dividends will be subject to our Directors’ decision and will depend on, among other things, our earnings, cash flow, financial condition, capital requirements, statutory reserve requirements and any other factors our Directors may consider relevant. The amount of dividend will be determined upon the completion of financial audit and will be referred to distributable profit shown on audited financial report. Currently, we do not have any predetermined dividend distribution ratio.

After completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Directors. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend on the future operations and earnings, capital requirements and surplus, general financial condition and other factors that our Directors deem relevant. As these factors and the payment of dividends is at the discretion of our Board, which reserves the right to change its plan on the payment of dividends, there can be no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

CONTINGENT LIABILITIES

Save as the contingent liabilities as disclosed in Note 29 to the Accountants’ Report set out in the Appendix I to this prospectus, our Group had no other contingent liabilities as at 31 March 2015, 31 March 2016 and 31 July 2016, respectively.

LISTING EXPENSES

Our Directors are of the view that the financial results of our Group for the year ending 31 March 2017 is expected to be adversely affected by, among others, the Listing expenses in relation to the Share Offer, the nature of which is non-recurring. Listing expenses directly

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attributable to issuing the Offer Shares and Placing Shares are recognised in equity, while other Listing expenses are recognised as other expenses in our consolidated income statement. The total Listing expenses in relation to the Share Offer, primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are estimated to be approximately HK\$21.0 million (based on the mid-point of the indicative Offer Price range). Among the estimated total Listing expenses, (i) approximately HK\$6.1 million is expected to be accounted for as a deduction from equity upon Listing; (ii) approximately HK\$13.4 million is expected to be recognised as expenses in our consolidated income statement, of which approximately HK\$1.0 million and HK\$6.6 million was charged to the consolidated income statement for the year ended 31 March 2016 and the four months ended 31 July 2016 respectively and the remaining of approximately HK\$5.8 million is expected to be charged to our consolidated income statement for the eight months ending 31 March 2017; and (iii) approximately HK\$1.5 million will be borne by the Selling Shareholder.

Our Directors would like to emphasise that the amount of the Listing expenses is a current estimate for reference only and the final amount to be recognised in the consolidated financial statement of our Group for the year ending 31 March 2017 is subject to adjustment based on audit and the then changes in variables and assumptions.

Prospective investors should note that the financial performance of our Group for the year ending 31 March 2017 is expected to be adversely affected by the estimated non-recurring Listing expenses mentioned above, and may or may not be comparable to the financial performance of our Group in the past.

DISTRIBUTABLE RESERVES

Under the Companies Law, we may pay dividends out of our profit or our share premium account in accordance with the provisions of our Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, we remain able to pay our debts as and when they fall due in the ordinary course of business. Our Company was incorporated on 26 May 2016 and there was no distributable reserve as at 31 March 2015, 31 March 2016 and 31 July 2016, respectively.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

Save as disclosed in this prospectus, our Directors confirm that as at the Latest Practicable Date, there are no circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

EVENTS AFTER THE BALANCE SHEET DATE

For details of the events after 31 July 2016, being the date to which our latest audited financial information was prepared, see Note C to the Accountants' Report set out in the Appendix I to this prospectus.

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RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

According to Frost & Sullivan, retail performance in Hong Kong had been fluctuating in the first nine months of 2016. Retail sales value in Hong Kong recorded a decrease of 0.3%, 15.1% and 6.3%, respectively, in the first three months of 2016 when compared to that of the preceding month. However, retail sales value in Hong Kong started to pick up in April and May 2016, which recorded an increase of 1.5% and 1.7%, respectively, when compared to that of the preceding month. Although retail sales value in Hong Kong recorded a decrease of 5.8% for June 2016 when compared to that of the preceding month, it recorded an increase of 2.9% for July 2016 when compared to that of the preceding month. Retail sales value in Hong Kong recorded a decrease of 2.1% and 0.5% for August and September 2016 when compared to that of the preceding month. According to Frost & Sullivan, whilst there has been growth in online transactions through the internet in recent years, with the growth of online shopping portals such as Amazon and Taobao, physical retail stores continue to dominate retail sales in Hong Kong and will continue to do so in future due to the entrenched nature of consumer spending patterns and the manner in which consumers shop and pay for goods. The overall effect of the growth of online transactions on retail sales value in Hong Kong has been negligible as evidenced by the strong growth in retail sales between 2011 to 2013 and negligible contraction in retail sales between 2013 to 2015. Negative growth in retail sales was mainly attributable to the decline of number of mainland China tourist and slow down of global economy. While the outlook in the second half of 2016 remains relatively bleak due to stagnant growth of the PRC economy and unstable political situation in the European Union and thereby causing a decrease in the number of retail stores in Hong Kong, our Directors believe that it will not bring about serious impact on our business given our business depends on the number of terminals in use and to be used in the industry rather than the transaction value or volume of merchants. According to Frost & Sullivan, the number of EFT-POS terminals in use recorded a CAGR of approximately 0.4% from 2011 to 2015 and is expected to further increase with CAGR of approximately 3.1% from 2016 to 2020; and the penetration rate of EFT-POS terminals in use followed an increasing trend from 2011 of 69.0% to 2015 of 73.0% and is expected to further increase approximately 79.5% in 2020, given the increasing popularity of accepting electronic payments in Hong Kong. According to Frost & Sullivan, in case there is a higher vacancy rate in commercial sector, it would likely to bring about a decline in rent and attract merchants to enter the retail market, thereby raising the demand for our products and services.

Further, according to Frost & Sullivan, with the recent introduction of mobile payment methods such as Apple Pay, Android Pay, Alipay and WeChat offline payment, it is anticipated that there would be a rapid development of mobile payment market and growth of mobile payment transactions. EFT-POS terminal manufacturers are actively developing and upgrading their EFT-POS terminals to keep abreast of the fast-paced mobile payment technology with upgraded versions of EFT-POS terminals incorporating cutting-edge mobile payment methods, which, for example in Hong Kong, would involve the EFT-POS service provider to develop software that are compatible with the certification requirements. According to Frost & Sullivan, as mobile payment technologies are still at an initial introduction stage, it would require certain period of time for further technological enhancement (including security upgrade) in order to gain a relatively higher market penetration rate.

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Based on the unaudited financial information of our Group, our revenue for the three months ended 31 October 2016 was higher than our revenue for the corresponding period in 2015, mainly due to the higher revenue from sourcing of EFT-POS terminals and peripheral devices and provision of software solution services for the three months ended 31 October 2016 as compared to the corresponding period in 2015. Our revenue from EFT-POS System Support Service remained relatively stable for the three months ended 31 October 2016 as compared to the corresponding period in 2015. We recorded a loss for the three months ended 31 October 2016, which was mainly due to the expenses incurred for the Listing. Without taking into account of such non-recurring expenses, we recorded a profit for the three months ended 31 October 2016, which was higher than the profit for the corresponding period in 2015.

The impact of the Listing expenses disclosed in the sub-section headed “Financial information – Listing expenses” in this prospectus on our Group’s consolidated income statement is expected to result in or have resulted in material adverse changes in the financial or trading position or prospect of our Group since 31 July 2016, being the date to which our latest audited financial information were prepared.

Save as the impact of the Listing expenses, our Directors confirm that as at the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects of our Group since 31 July 2016, being the date to which our latest audited financial information was prepared and there had been no event since 31 July 2016 which would materially and adversely affect the information shown in our consolidated financial information included in the Accountants’ Report as set out in the Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 7.31(1) of the GEM Listing Rules is set out below to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of our Group as if the Share Offer had taken place on 31 July 2016.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the net tangible assets of our Group as at 31 July 2016 or any future dates following the Share Offer.

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The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group is prepared based on the audited consolidated net tangible assets of our Group as at 31 July 2016 as shown in the Accountants' Report as set out in the Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of our Group as at 31 July 2016	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of our Group	Unaudited pro forma adjusted consolidated net tangible assets of our Group per Share
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>Note 1</i>	<i>Note 2</i>		<i>Notes 3 & 4</i>
Based on a minimum Offer				
Price of HK\$0.40 per				
Offer Share	<u>9,436</u>	<u>26,971</u>	<u>36,407</u>	<u>0.08</u>
Based on a maximum				
Offer Price of HK\$0.60				
per Offer Share	<u>9,436</u>	<u>45,211</u>	<u>54,647</u>	<u>0.11</u>

Notes:

- (1) The amount of audited consolidated net tangible assets of our Group as at 31 July 2016 amounting to approximately HK\$9,436,000 is extracted from the Accountants' Report as set out in the Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 96,000,000 New Shares to be issued at a minimum Offer Price of HK\$0.40 per Offer Share or a maximum Offer Price of HK\$0.60 per Offer Share, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred and borne by our Group subsequent to 31 July 2016. It does not take into account of any shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any shares which may be issued or repurchased by our Company pursuant to our Company's general mandate.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of our Group per Share is arrived at on the basis of 480,000,000 Shares in total, assuming that the Share Offer of 96,000,000 New Shares and the shares to be issued pursuant to the Capitalisation Issue had been completed on 31 July 2016. It does not take into account of any shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Schemes or any shares which may be issued or repurchased by our Company pursuant to our Company's general mandate.
- (4) No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 31 July 2016.

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FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Market risks

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

(i) Interest rate risk management

Our Group is exposed to cash flow interest rate risk in relation to variable-rate amount due from a director, bank borrowings and bank balances. Our Group currently does not enter into any hedging instrument for cash flow interest rate risk. However, our Group monitors interest rate risk exposure and will consider hedging significant interest rate risk should the need arise.

Our Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk. Our Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Best Lending Rate and Hong Kong Interbank Offered Rate of relevant banks arising from our Group's Hong Kong dollars denominated borrowings.

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Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings and amount due from a director at the end of the reporting period. The analysis is prepared assuming amounts of these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease represents management's assessment on the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for variable rate bank borrowings and amount due from a director, with all other variables held constant, our Group's post-tax profit for the years ended 31 March 2015 and 31 March 2016 would decrease/increase by approximately HK\$13,000 and HK\$11,000, respectively while our Group's post-tax loss for the four months ended 31 July 2016 would increase/decrease by approximately HK\$4,000.

No sensitivity analysis of bank balances of our Group is presented as all bank balances carry interest rate at 0.01% per annum.

(ii) Foreign currency risk

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

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

	As at 31 March 2015		As at 31 March 2016		As at 31 July 2016	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
United States Dollar ("US\$")	2,181	–	393	–	562	–

Sensitivity analysis

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

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Liquidity risk

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

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

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<u>As at 31 March 2015</u>				
Non-derivative financial liabilities				
Trade payable	–	97	97	97
Bank borrowings	2.49	9,887	9,887	9,887
Financial guarantee contract	–	6,918	6,918	–
		<u>16,902</u>	<u>16,902</u>	<u>9,984</u>
<u>As at 31 March 2016</u>				
Non-derivative financial liabilities				
Trade and other payables	–	316	316	316
Bank borrowings	2.47	8,972	8,972	8,972
Financial guarantee contract	–	6,918	6,918	–
		<u>16,206</u>	<u>16,206</u>	<u>9,288</u>
<u>As at 31 July 2016</u>				
Non-derivative financial liabilities				
Trade and other payables	–	3,728	3,728	3,728
Amount due to a director	–	178	178	178
Bank borrowings	2.94	2,824	2,824	2,824
		<u>6,730</u>	<u>6,730</u>	<u>6,730</u>

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The financial liabilities of our Company are repayable on demand as at 31 July 2016.

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

Bank borrowings with a repayment on demand clause are included in the “repayable on demand or less than 1 year” time band in the above maturity analysis. As at 31 March 2015 and 2016 and 31 July 2016, the aggregate carrying amounts of these bank borrowings amounted to approximately HK\$9.9 million, HK\$9.0 million and HK\$2.8 million, respectively. Taking into account our Group’s financial position, the management of our Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of our Group believes that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

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

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Bank borrowings							
with repayment on							
demand clause							
As at 31 March 2015	2.49	1,149	1,132	3,299	5,721	11,301	9,887
As at 31 March 2016	2.47	1,132	1,116	3,251	4,654	10,153	8,972
As at 31 July 2016	2.94	2,862	–	–	–	2,862	2,824

Credit risk

Our Group’s maximum exposure to credit risk in the event of the counterparties’ failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets are the carrying amount of those assets as stated in the consolidated statements of financial position and the amount of contingent liabilities in relation to a cross guarantee issued by our Group as disclosed in Note 29 to the Accountants’ Report set out in the Appendix I to this prospectus.

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Our Group's credit risk is primarily attributable to its trade receivables, rental deposits, amount due from a director, amounts due from related companies and bank balances. In order to minimise the credit risk, the management of our Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, our Group reviews the recoverable amount of each individual trade receivables at the end of each reporting period to ensure that adequate allowance are made for irrecoverable amounts. In this regard, the management considers that our Group's credit risk is significantly reduced. For the amounts due from a director and related companies, the management of our Group has periodically monitored the repayment status and the financial position of the director and related parties to ensure the advances are recoverable.

Our Group has concentration of credit risk on its trade receivables as 46%, 24% and 33% of such receivables as at 31 March 2015, 31 March 2016 and 31 July 2016, respectively, are due from our Group's largest customer, which is mainly engaged in the manufacturing and sales of EFT-POS terminals. In respect of this customer, given its good repayment history, the management considers that the credit risk associated with the balance of this customer is low. Our Group is also exposed to concentration of credit risk on amounts due from a director and related companies with details set out in Note 21 to the Accountants' Report set out in the Appendix I to this prospectus. Other than the above, our Group does not have other significant concentration of credit risk.

The credit risk on liquid funds is limited because the counterparty is a bank with good reputation.

In relation to our Group providing a cross guarantee to a related company to secure obligation of the related company for the repayment of its mortgage loan, if there is a default in repayment, our Group is responsible for repaying the outstanding mortgage loans together with any accrued interests and penalties owed by the related company to the bank. However, the bank is able to take over the ownership of the relevant pledged property and sell the property to recover the outstanding mortgage principal together with the accrued interest and penalty. In this regard, the management of our Group consider that our Group's credit risk on such guarantee is significantly reduced. Detailed disclosure of such guarantee has been made in Note 29 to the Accountants' Report set out in the Appendix I to this prospectus.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Our business objective is to maintain our position as the leading EFT-POS solution provider that focus on EFT-POS System Support Service. 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 and selectively pursue strategic acquisitions and partnerships. For further details of our business objectives and strategies, please refer to the sub-section headed “Business – Our strategies” in this prospectus.

REASONS FOR THE SHARE OFFER AND BENEFITS OF LISTING

Our Group through its principal operating subsidiary has been operating in the electronic payment industry for over 10 years. The provision of our services relies heavily on the technical know-how and skill-set of our employees and their continued employment with us is therefore crucial to our business operations. Our success relies on our 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. Historically, we principally relied on operating cash flows and short-term bank borrowings to finance our operations. Although we have met our working capital and other liquidity requirements in the past, our bank balances and cash amounted to approximately HK\$2.6 million, HK\$4.2 million and HK\$2.8 million as at 31 March 2015, 31 March 2016 and 31 July 2016 respectively, which represented approximately 10.2%, 16.1% and 15.1% of the total assets of our Group respectively. Thus, our Directors considered that having more resources to maintain and expand our expertise can help us to develop our core business of EFT-POS sourcing and EFT-POS System Support Service so as to capture the future growth and opportunity of the significant market potential in the electronic payment industry in Hong Kong perceived by our Directors.

(a) Potential industry growth and business opportunities

In line with advances in technology and updates to PCI protocols 4.x, EFT-POS terminal manufacturers around the world are ready to introduce a new wave of EFT-POS terminals with advanced features and higher standards of security. It is envisaged that Verifone and Supplier B will release new EFT-POS terminals in 2016. For example, to the best knowledge of our Directors, Supplier B will release new EFT-POS terminal models targeted at different markets as well as EFT-POS terminals featuring biometric scanners for enhanced security. Verifone will release terminals targeted towards the integration of EFT-POS terminals with retail point of sale terminals. We believe other leading EFT-POS terminal manufacturers will also be releasing new models of EFT-POS terminals in the near future. For further details on PCI protocols, please refer to the sub-section headed “Business – Our strategies – Expand and diversify our business offering” in this prospectus.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

New payment technologies such as Apple Pay and Android Pay, mobile payment and digital wallet services offered by Apple Inc. and Android enabled devices, respectively, as well as Alipay and WeChat offline payment, will let users make payments using near-field communication technologies to process payments at tap-to-pay terminals. According to Frost & Sullivan, with the recent introduction of Apple Pay and Android Pay into Hong Kong, a rapid development of the mobile payment market is anticipated. At the moment, extra devices and peripherals are required on top of existing EFT-POS terminals to process Apple Pay and Android Pay payments. As the EFT-POS terminals manufacturers are actively developing and upgrading their terminals so as to keep abreast of the fast-paced mobile payment technology, new versions of EFT-POS terminals are emerging in the market incorporating support for the most cutting-edge mobile payment methods such as Apple Pay and Android Pay. Accordingly, new electronic payment standards applications will need to be developed for compatible with these new technologies in each location of the world or introduction of new models of EFT-POS terminals in the future. Such changes in the industry would create business opportunities to payment solution providers in Hong Kong like us for software development and provide electronic payment standards acceptance certification solutions for EFT-POS terminals to be compatible with these new mobile payment technologies.

In addition, according to Frost & Sullivan, the electronic payment usage in Hong Kong is lagging behind other developed countries in the world and fails to cover the ordinary daily needs in Hong Kong. For example, amongst over 18,000 taxis, only a small number of taxis accept electronic payment; only a limited number of vending machine and public car parking meters accept electronic payment; the food and beverage service providers in Hong Kong generally use desktop EFT-POS terminals which require its staff to bring the payment card to the EFT-POS terminals to process card payment which will increase security loophole including loss of payment cards and risk of “theft” of card information. Benefiting from our industry experience, we perceive market opportunities in promoting the acceptance of card payments in Hong Kong’s fleet of over 18,000 taxis, the adoption of electronic payment technologies such as “pay at table” among the approximately 16,600 food and beverage service providers in Hong Kong which can increase the number of EFT-POS terminals in Hong Kong by 23,600, which is assumed that each of the food and beverages service providers which are using EFT-POS terminals would procure two “pay at table” devices), or the acceptance of card payment at vending machines or at the approximately 9,800 public car parking meters currently installed in Hong Kong as well as developing acquiring host technologies. Whilst we are not currently involved in the Trial Scheme, our Group had previously considered whether to cooperate with a major payment processor in Hong Kong in tendering for the Trial Scheme; having considered the relatively long duration of the project, the participation of which would withhold our resources for a lengthy period, as well as the then resources required for existing projects, we did not commit to participate in the Trial Scheme at that time. As at the Latest Practicable Date, to the best knowledge and belief of our Directors, we are not aware any of our competitors in the EFT-POS industry directly or indirectly involved in the Trial Scheme and in fact the two tenders in the Trial Scheme have been awarded to listed companies or their subsidiaries. However, any efforts to introduce acceptance of

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

card payments to all the public car parking meters would increase the size of the industry accordingly. Including these additional number of EFT-POS terminals to the existing number of EFT-POS terminals of approximately 92,200 in 2015 in Hong Kong according to Frost & Sullivan, the existing number of terminals under our EFT-POS System Support Service only represents approximately 33.1% of the enlarged market size at most, which represents enormous potential market share for our Group to further capture. As a strategy of vertical integration, we also seek to offer further services to acquirers by offering the acquiring host software services to enhance the revenue base. We also believe market opportunities exist for payment solutions providers in Hong Kong like us to provide system support services or electronic payment standards acceptance certification solutions for any new parking meter systems developed in Hong Kong to accept credit card or mobile payments. We also started to source EFT-POS terminals and provide EFT-POS System Support Service to a taxi management company in Hong Kong in 2015 to accept credit card payment on its taxis.

Our objective is to popularise the application of electronic payment in every aspect of daily life in Hong Kong. As a market leader in the EFT-POS solution provider industry in Hong Kong, we believe our past experience, software capability and creativity can add value to the development of the electronic payment market in Hong Kong. Our Directors believe that the Listing is strategically important to the long term growth of our Group in particular to implement the future plans set out in the sub-section headed “Business – Our strategies” in this prospectus as it will enhance our profile and brand awareness to the public and the government, strengthen our competitiveness, enhance the capital base of our Group and provide our Group with a listing platform to raise capital in the long run at relatively low financing cost.

However in the past, our limited resources restricted our capability in the number of EFT-POS terminal models that we could conduct specification testing and electronic payment standards acceptance certification solutions and the number of software solution services projects we could undertake at any one time.

From our experience, each member of our current information technology workforce has the ability to develop electronic payment standards applications or software covering two to three brands of EFT-POS terminals depending on their experience, however, at full utilisation, each member of our information technology workforce may only be able to develop software for one EFT-POS terminal model at a time requiring six to nine months to bring that model to market.

As the market leader, our strategies are to be well equipped with expertise and resources to develop software that can (i) comply with electronic payment standards acceptance certification based on the SDK of these new advanced models; (ii) compatible with new payment technology such as Alipay, WeChat offline payment, Apple Pay and Android Pay; and (iii) capture various market opportunities when they arise in the dynamic and fast-moving electronic payment industry.

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Particularly, our Directors believe the EFT-POS market in Hong Kong is ready for wider application in line with EFT-POS technology which is advancing rapidly, and we perceive the various market opportunities as detailed in the sections headed “Industry overview” and “Business – Our strategies – Expand and diversify our business offering” in this prospectus. These opportunities, if they materialise, will create a significant impact and a change to those industries and sectors, among others, transportation industry and catering industry. Our Directors are of the view that the listing status can strengthen our market position and increase the bargaining power of our Group to deal with various counterparties and can in turn leverage our expertise and experience in improving those industries and sectors in order to facilitate a more convenient lifestyle in the region. Moreover, given our leading position in the industry, our Directors believe that our Group is in a prime position to grab the first mover advantage from the listing status to enlarge our market size and capture more market share in the future.

(b) Use of net proceeds from the issue of New Shares under the Share Offer to capture such industry growth and business opportunities

In order to increase the number of models we could conduct specification testing and electronic payment standards acceptance certification solutions as well as greatly shorten the time required to bring a EFT-POS terminal model to market, to take advantage of the anticipated surge in release of new models of EFT-POS terminals in the near future as well as the anticipated market opportunities such as introducing acceptance of card payment into Hong Kong’s fleet of taxis, public car parking meters and other government services as well as promoting “pay at table” technologies, we believe a rapid increase in our manpower resources is crucial for our future expansion.

Expansion of our information technology workforce for total EFT-POS solutions

By tripling our information technology workforce, we anticipate that we will be able to dedicate staff to specific EFT-POS terminal brands and/or types of EFT-POS terminal types or functions, which will enable us to (i) triple the number of EFT-POS terminal models we could conduct specification testing and electronic payment standards acceptance certification solutions at any one time from four to potentially twelve; (ii) shorten the time to bring those models to market to approximately three months; and (iii) enhance our software solution services capabilities.

By bringing an increased number of EFT-POS terminal models to market within a shorter time-frame, we will be able to offer our customers or potential customers a variety of products with different functions prior to the launch of similar products by our competitors and thus creating more opportunities to capture EFT-POS sourcing and EFT-POS System Support Service business from them, which can improve our Group’s revenue and profitability and capture market share from our competitors.

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Our Group will utilise any excess capacity in our information technology workforce in undertaking additional market opportunities and software solution services projects. For further details on the expansion of our information technology workforce for total EFT-POS solutions, please refer to the sub-section headed “Business – Our strategies – Expand and diversify our business offering – (i) Expand our information technology workforce for total EFT-POS solutions” in this prospectus.

Expand our information technology workforce for acquiring host software service

Benefiting from our industry experience, we believe there is a market opportunity for a local company with established relationship with acquirers and merchants and familiarity with the software programming in the electronic payment industry in Hong Kong like us to develop and provide system support services for the upstream market, i.e. the “acquiring host” software for acquirers and merchants. Electronic payment transaction reports are generally generated and sent by fax or by post, by the acquirers to the merchants which leads to time lag from time of payment transaction and the merchants would not be able to conduct real-time analysis. Contrary to the existing non-real time data system, we believe we can explore the opportunity to develop real-time or near real-time reporting of payment transactions to acquirers or merchants. Whilst a limited number of international players offer licensing of “acquiring host” software at great expense to local acquirers, such software may not fully satisfy the local acquirers’ needs and they may not receive adequate and timely software system support or upgrade due to advances in technology. Further, software development and maintenance requires substantial amounts of resources, manpower and time. Acquirers are usually licensed banks in Hong Kong which are generally not engaged in software programming and they may not be willing to invest resources in setting up their own software team for “acquiring host” software and perform ongoing maintenance and upgrade. Similarly, merchants may not be willing to invest resources to develop the merchant equivalent “acquiring host” software. We may leverage our experience in the Hong Kong electronic payment industry to develop “acquiring host” software that is tailored specifically for each local acquirer’s needs. By leveraging on our previous experience to develop the software with the merchant, we will also promote such software to other merchants.

For further details on the expansion of our information technology workforce for “acquiring host” software service, please refer to the sub-section headed “Business – Our strategies – Expand and diversify our business offering – (ii) Expand our information technology workforce for acquiring host software service” in this prospectus.

Expansion of our business development workforce

In light of the above, our Directors believe, that an expansion of our business development workforce will also be required. By expanding the size of our business development team, we believe we will be able to devote a greater amount of time to bring the advanced EFT-POS terminal models to market and take an active role to promote the advanced EFT-POS terminal models among acquirers as well as directly promote models

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with more functions to retail merchants to understand and satisfy various needs as the ultimate users of those terminals. By expanding our business development team, we would devote more resources to strengthen our customer relationships with acquirers and merchants through focused marketing efforts. For further details on the expansion of our business development workforce, please refer to the sub-section headed “Business – Our strategies – Expand and diversify our business offering – (iii) Expand our business development workforce” in this prospectus.

According to Frost & Sullivan, technology industry in Hong Kong is generally labour intensive and not capital intensive, but that does not mean the technology market players in Hong Kong do not require capital to develop the business successfully. One of the reasons that the technology business in Hong Kong lags behind cities and regions in close proximity such as Shenzhen and Taiwan is the lack of capital as funding for technology development in Hong Kong. The lack of capital and government support places obstacles to business owners of private technology companies in Hong Kong to expand its business or proactively develop advanced products and services. Contrary to capital intensive companies such as manufacturing companies which can expand the production volume by investing capital in machineries, the only way for labour intensive companies to expand production volume is to increase manpower such that they can undertake additional projects to develop new technologies to cope with technology changes and expand service coverage. Business owners of private technology companies rarely have sufficient internal resources or are willing to use substantially all of their internal resources to fund or raise debt financing to fund such development projects. Moreover, the lack of capital and government support may place obstacle for such companies to attract sufficient number of competent manpower to participate in this industry. Therefore, in the past, after fully utilising the limited capital and human resources, our Group could only focus on developing the niche market as a EFT-POS service provider. Even though our Group understand that there are market potentials in other aspects of this industry, we did not take action to develop such markets after taking into account the limited internal resources, our Group’s then market reputation and business risks involved in such development projects.

In order to achieve the above objectives, we require adequate resources in terms of capital and expertise; as well as high industry reputation to capture such market opportunities and participate in governmental or corporate project of substantial size.

We intend to use the net proceeds from the issue of New Shares under the Share Offer to capture the above industry growth and business opportunities as follows:

Taxi

In order to promote paying for a taxi ride by use of credit and debit card, after the Listing, we plan 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

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payments. We also plan to devote more resources to lobbying relevant Hong Kong governmental departments to explore regulating the introduction of electronic payment in taxi and other public transport. It is our plan to recruit five information technology staff to develop software and electronic payment standards acceptance certification solutions for EFT-POS terminals to be used on taxis and three new headcount in business development staff to pursue and develop stronger relationships with acquirers and taxi management companies.

Food and beverage service providers

In order to promote “pay at table” devices, after the Listing, we plan to expand our coverage of a greater range of EFT-POS terminals including “pay at table” devices so as to bring to market a wider selection of EFT-POS terminals of varying budgets and functionality that accommodate the different needs of food and beverage service providers. Our new business development staff will then be able to promote a wider selection of EFT-POS terminals to, among others, (i) food and beverage service providers directly who may currently accept card payment but may pursue the benefits from the wireless “pay at table” devices due to the shortened payment processing time and enhanced customer satisfaction; and (ii) acquirers with the intention that they can in turn promote a wider selection of EFT-POS terminals to food and beverage service providers which currently do not use EFT-POS terminals due to space or functionality concerns or who are willing to adopt “pay at table” devices. We also plan for our new business development staff to approach the chain-store food and beverage service providers to promote the benefits of “pay at table” devices, including better consumer experience such as saving waiting times and increased efficiency and card security for consumers. It is our plan to recruit nine information technology staff to develop software and electronic payment standards acceptance certification solutions for EFT-POS terminals to be used on the “pay at table” devices and four new headcount in business development staff to pursue and develop stronger relationships with food and beverage service providers and acquirers in respect of “pay at table” devices.

We have developed software which allows for tips to be added during debit card payment transactions, which has successfully passed the electronic payment standards acceptance certification for debit card payments. Such software was developed for the Verifone VX690 model EFT-POS terminals, which is a wireless and 3G enabled device, and will be, to the best knowledge and belief of our Directors, suitable for use in service industries such as food and beverage service providers as a “pay at table” device so that consumers can now freely pay a tipping fee whilst using debit card payments, whereas such tipping function was not previously available and used widely in the market.

Public car parking meters

In order to capture the market opportunity for public car parking meters, after the Listing, with additional funds to expand our information technology and business development workforce, our Directors consider that our Group can, on our own or as part of a consortium with acquirers or other software solutions providers or cooperate with the two contractors awarded the projects of the Trial Scheme to capture this market opportunity.

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It is our plan to recruit three information technology staff to develop software and electronic payment standards acceptance certification solutions for EFT-POS terminals to be used on the parking meters and one new headcount in business development staff to pursue and develop relationships with two contractors of the Trial Scheme and contact with the Transport Department and also the suppliers of the EFT-POS terminal manufacturers, with our expertise in development of software and electronic payment standards acceptance certification solutions and provision of innovative payment solutions, so as to procure and introduce a new generation of parking meters with new features and functions which can satisfy or even out-perform the requirement of the Trial Scheme.

Acquiring host software service

In order to capture the market opportunity for acquiring host software services, after the Listing, with additional funds to expand our information technology and business development workforce, we plan to leverage 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 secure real-time transaction data gathering system or “acquiring host” software and our business development team will market this product and software maintenance services to the acquirers and the merchants. Our business development team will approach local acquirers and merchants to assess their individual needs and requirements with an aim to provide customised “acquiring host” software that fits the needs of acquirers on a continual basis.

It is our plan to recruit ten information technology staff to develop software and electronic payment standards acceptance certification solutions for EFT-POS terminals to be used on the parking meters and four new headcount in business development staff to pursue and develop relationships with acquirers and merchants.

We plan to initially promote our “acquiring host” software services capabilities to merchants and smaller local acquirers in order to build up our track record and reputation in developing such software. We believe that opportunities in this niche market would grow naturally once our track record and reputation is established. Given (i) we have previously developed similar application as compared to the “acquiring host” software using programming language “C” for EFT-POS terminals for the purpose of obtaining electronic payment standards acceptance certification which the “acquiring host” software also uses the programming language “C”, in which our information technology team has extensive knowledge and experience; and (ii) during the Track Record Period, we have conducted a project with a merchant to develop a software with similar function as “acquiring host” software, which allow the merchant to capture real-time information of all transaction data and produce real-time transaction reports, we expect we do not have to incur significant additional cost to promote such software to merchants.

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(c) Reasons for raising funds through equity instead of internal financial resources and debt financing

Following the Listing, we will have access to the capital markets, providing us a platform for future fundraising through the issuance of equity and debt securities for business development in the long run. We had been relying on internally generated funds, Shareholders' loans and bank borrowings to support our capital requirements. Being a private company with only one shareholder, the amount of Shareholder's loans available is limited. Further, the financing cost of bank borrowings are usually relatively higher for private companies and banks would normally require guarantees or pledge of assets from our Shareholders for securing the bank borrowings. Therefore, our Group's reliance on bank borrowings to finance our operations will increase our expenses and place significant financial burden on the Shareholders. All in all, being a private entity, our financial resources relied largely on the financial strength of the sole shareholder. This substantially hinders the development and expansion of our business. Our Directors are of the view that no healthy, sizeable and established corporation should rely heavily on the financial resources of a small number of shareholders to fund its operations. On the other hand, equity financing does not involve recurring interest expense and the financing process is usually simpler and quicker than negotiating bank borrowings, and therefore would allow our Group to react promptly to market conditions and business opportunities. Further, our Directors believe that a listing status will allow us to gain advantage in obtaining debt financing with relatively more favourable terms. Therefore, the Listing will allow us to cease our financial reliance on our Controlling Shareholders and offer us more flexibility to finance our operation.

In order to achieve the above objectives, we require adequate resources in terms of capital and expertise; as well as high industry reputation to capture such market opportunities and participate in governmental or corporate project of substantial size.

The net proceeds raised from the Share Offer could provide sufficient capital required for rapid expansion of our workforce to capture the above opportunities which may not be timely and adequately financed by our internal cash resources, operating cash flows and short-term bank borrowings. As at 31 July 2016, our Group only had cash and bank balances of approximately HK\$2.8 million and the unutilised banking facilities were no longer available after the Mortgage Arrangement had been terminated. Although we recorded net cash generated from operating activities of approximately HK\$9.0 million and HK\$12.1 million for the years ended 31 March 2015 and 2016, respectively, the cash flow generated from operating activities are not immediately available funds and it will only be available after running the business for a period of time on the assumption that there will not be any material cash outflow from investing activities and financing activities. For the four months ended 31 July 2016, our net cash used in operating activities amounted to approximately HK\$1.3 million, which is the result of cash generated from operations of approximately HK\$2.4 million deducting the income tax payment of approximately HK\$3.8 million. Moreover, the amount and timing of cash available from operating activities, particularly from sourcing of EFT-POS terminals and peripheral devices can be uncertain and cannot be relied upon.

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Subsequent to the termination of Mortgage Arrangement, our Group only maintained the Tax Loan amounted to approximately HK\$3.8 million under which the Properties were used as pledge assets for security, which would merely be sufficient to provide funding for our working capital and other general corporate purposes. Taking into account of the above, our Directors consider that the internal cash resources, operating cash flows and bank borrowings would not be sufficient to finance our Group for achieving our business objectives and strategies within the timeframe as planned.

(d) Expansion of workforce commensurate with workforce expansion during the Track Record Period and factors of revenue growth

Historical workforce expansion

Between 1 April 2014 to 31 July 2016, the number of information technology workforce increased from one (being a senior managerial staff) to five (inclusive of two senior managerial staff) to meet with our strategic plans.

The proposed expansion of the workforce in respect of the information technology workforce will increase from five as at the Latest Practicable Date to 32 by 30 September 2019 by 27 headcount, of which comprise of, (i) the proposed expansion of the information technology workforce in respect of the acquiring host software service represents our strategic step for vertical integration to capture the upstream markets by formation of a new information technology workforce of up to 10 staff by 30 September 2019; (ii) the proposed expansion of information technology workforces for developing software and electronic payment standards acceptance certification solutions for new EFT-POS terminals and develop software for potential market opportunities including taxi, “pay-at-table” devices and public car parking meters of 17 staff.

The proposed expansion of the information technology workforce exceeds historical increase in terms of number of staff. Nevertheless, such increase in the information technology workforce is expected to have direct correlation in revenue growth in future.

During the Track Record Period, limited resources restricted aggressive expansion of business development staff and our business development functions were conducted by Mr. Lo.

The proposed expansion of the workforce in respect of business development staff will increase the number of business development staff from one to 13 (including Mr. Lo).

Whilst the proposed expansion of workforce on the business development side exceeds historical increase, such increase in the business development team is expected to have direct correlation in revenue growth in future.

Factors of revenue growth

Our Directors consider that the key revenue generating functions of our Group are performed by the business development and information technology workforce.

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During the Track Record Period, our business development functions, as in previous years were generally conducted by Mr. Lo. Riding on his industry experience, reputation and technical know-how to establish ongoing business relationships with a majority of acquirers, leading EFT-POS terminal manufacturers and also renowned retail merchants, we were generally able to record considerable growth in revenue in EFT-POS System Support Service, EFT-POS sourcing solution, and software solution services. As a result, our revenue increased significantly by HK\$10.8 million from approximately HK\$35.2 million for the year ended 31 March 2015 to approximately HK\$46.0 million for the year ended 31 March 2016, representing an increase of approximately 30.6%. Whilst our revenue decreased by HK\$4.7 million from approximately HK\$21.3 million for the four months ended 31 July 2015 to approximately HK\$16.7 million for the four months ended 31 July 2016, representing a decrease of approximately 21.9%, which was due to the greater transaction amount with Customer A for the four months ended 31 July 2015 as compared to that for the four months ended 31 July 2016. To the best knowledge and belief of our Directors and according to the annual report of Customer A for the year ended 30 June 2015, the greater transaction amount was due to the test phase deployment of an unified and integrated payment and taxi meter platform on its taxi fleet by Customer A. Excluding revenue derived from Customer A, our revenue increased by HK\$1.4 million from approximately HK\$12.8 million for the four months ended 31 July 2015 to approximately HK\$14.3 million for the four months ended 31 July 2016, representing an increase of approximately 11.2%.

During the Track Record Period, our ability to generally rely on Mr. Lo to achieve continuing growth in revenue was mainly attributable to (i) historically, the EFT-POS market was driven by the acquirers, while merchants took a passive role to rely on the acquirers to provide EFT-POS terminals for their use. Given that Hong Kong has around 20 acquirers according to Frost & Sullivan, Mr. Lo can focus his effort to promote and market our products and services effectively to only around 20 target customers to gradually build up our market share and reputation in the industry; (ii) given that the EFT-POS terminal manufacturer market is dominated by the five largest global market players, our Group focused on establishing relationships with three of the five largest market players taking into account their quality of products and technology advancement; and (iii) the revenue generated from EFT-POS System Support Service is recurring and cumulative. The revenue will gradually increase when the number of terminals supported by our Group increase. Therefore, Mr. Lo can focus his efforts on soliciting new business opportunities.

However, going forward, our Group will need to expand our business development team by phases to pursue the growth momentum and to capture potential market opportunities with an aim to enlarge the market size and increase our market share based on the following reasons:

- (i) the merchants have started to demand for EFT-POS terminals with advanced functions to cater for technology advancement and enhance customer experience and our Group has an increasing number of direct customers that are merchants. The new business development team will be required to promote and market our products and services to over thousands of merchants in Hong Kong;

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- (ii) part of our business strategies is to promote EFT-POS solutions to taxis and “pay-at-table” devices to food and beverage service providers, which involve over 18,000 taxis and 16,600 food and beverage providers in Hong Kong;
- (iii) the new business development team will also be responsible for soliciting acquirers to engage our “acquiring host” software solution service and preparing marketing materials to promote the services and brand image of our Group; and
- (iv) Mr. Lo is the Chairman, CEO and executive Director of our Company and more time is expected to be devoted in the overall management function of our Group. The expansion of the business development team will free up Mr. Lo to supervise the overall management and strategy planning of our Group.

The information technology department is another revenue generating department which is responsible for executing our core services before launch of EFT-POS terminals and the relevant software. Our revenue growth in EFT-POS System Support Service and EFT-POS sourcing primarily depends on whether we have successfully developed the software that comply with electronic payment standards acceptance certification and brought to market EFT-POS terminal models that acquirers and merchants find attractive considering factors including, among others functionality, features and price. Likewise, the number of EFT-POS terminals that we are able to bring to market and maintain depends on the number of our information technology staff.

The number of our information technology workforce increased from one (being a senior managerial staff) to three (inclusive of one senior managerial staff) between 1 April 2014 to 31 March 2015, then from three (inclusive of one senior managerial staff) to five (inclusive of two senior managerial staff) between the period 1 April 2015 to 31 March 2016 and from three to five (inclusive of two senior managerial staff) between the period 31 July 2015 to 31 July 2016. Over the same years/period, revenue increased significantly by HK\$10.8 million from approximately HK\$35.2 million for the year ended 31 March 2015 to approximately HK\$46.0 million for the year ended 31 March 2016, representing an increase of approximately 30.6%. Whilst our revenue decreased by HK\$4.7 million from approximately HK\$21.3 million for the four months ended 31 July 2015 to approximately HK\$16.7 million for the four months ended 31 July 2016, representing a decrease of approximately 21.9%, which was due to the greater transaction amount with Customer A for the four months ended 31 July 2015 as compared to that for the four months ended 31 July 2016. To the best knowledge and belief of our Directors and according to the annual report of Customer A for the year ended 30 June 2015, the greater transaction amount was due to the test phase deployment of an unified and integrated payment and taxi meter platform on its taxi fleet by Customer A. Excluding revenue derived from Customer A, our revenue increased by HK\$1.4 million from approximately HK\$12.8 million for the four months ended 31 July 2015 to approximately HK\$14.3 million for the four months ended 31 July 2016, representing an increase of approximately 11.2%.

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With the increase in the information technology staff during the aforesaid period, the number of EFT-POS terminal models that we were able to develop software that comply with electronic payments standards acceptance certification increased from two models every three to six months to four models every three to six months during the aforesaid period.

The increase in number of EFT-POS terminal models covered by our Group was crucial to our historical revenue growth because:

- (i) we principally generate revenue from sourcing of EFT-POS terminals and peripheral devices and providing EFT-POS System Support Service for our customers. Whether the acquirers and merchants will cooperate with us depends on, among others, the EFT-POS terminal models covered by us and the quality of EFT-POS System Support Service we can offer. In general, we will also provide EFT-POS System Support Service to those customers who source EFT-POS terminals from us;
- (ii) more EFT-POS terminal models from different brands with different appearance (e.g. design, colour, size), functions (e.g. acceptance of magnetic card, chips card, contactless, mobile payment), features (e.g. networking capabilities such as LAN, wifi, 3G connectivity; display such as colour or mono display; printer such as built in printer or external printer), security level (e.g. PCI 1.x up to PCI 4.x) and price range can meet various needs of different kinds of acquirers and merchants. Thus, the acquirers and merchants may from time to time source the EFT-POS terminals that fit their needs from our Group instead of our competitors, which gradually increase our market share; and
- (iii) the brands covered by our Group are generally leading global brands owned by international listed companies which are appealing to acquirers and merchants in terms of the quality of products, sustainability, advanced technological features and customer loyalty. Such advantage can increase the customers' adhesiveness to source EFT-POS terminals from us and use of our EFT-POS System Support Service.

In addition to the above, the increase in the number of information technology workforce also enhances our quality of System Support Service because it will:

- (i) increase the efficiency and effectiveness of developing software and electronic payments standards acceptance certification solutions for EFT-POS terminals as each staff can focus on a specialised role in the workflow, which can also continually optimise the programming structure and simplify the debugging procedures;
- (ii) enhance segregation of duties and testing and piloting procedures undertaken by different staff; and

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- (iii) facilitate familiarisation with and accumulation of valuable experience to develop the software for different brands of EFT-POS terminals that can comply with different electronic payments standards acceptance certification solutions for different specifications of different acquirers' acquiring host software. Our Directors confirm that our Group has never failed to obtain the electronic payments standards acceptance certification for any EFT-POS terminal model in the past.

The aforesaid continual development of the quality of our EFT-POS System Support Service and EFT-POS terminals sourcing capability due to the increase in number of information technology staff will in turn enable us to further capture market share and expand our revenue base due to the following:

- (i) EFT-POS terminal manufacturers that want to develop the Hong Kong market may first seek cooperation with us given our Group has accumulated experience in developing software and electronic payments standards acceptance certification solutions for various EFT-POS terminals under different brands;
- (ii) potential competitors may seek cooperation with our Group in the event that they fail to pass the electronic payments standards acceptance certification of the acquirers. To the best of the knowledge of our Directors, a large listed company in Hong Kong cooperated with our Group in respect of the electronic payments standards acceptance certification solutions and engaged our EFT-POS System Support Service during the Track Record Period; and
- (iii) the switch to use our EFT-POS terminals by the acquirers and merchants as discussed above. For example, during the Track Record Period, Customer B approached us with a view to replace the EFT-POS terminals. At that time, Customer B was not using EFT-POS terminals sourced from our Group and it was not using our EFT-POS System Support Service. We successfully captured market share from our competitors after helping Customer B to source Verifone branded EFT-POS terminals that we had developed software that comply with electronic payment standards acceptance certification. As a result, Customer B became our fifth, second and fifth largest customer for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, respectively.

In addition, with the expanded information technology team during the Track Record Period, we were also capable to expand our service coverage to new areas and undertake software solution services occasionally on a small scale basis to (i) expand the revenue stream and (ii) implement innovative ideas of payment related solutions in real life to cater for the needs of acquirers, merchants and the public. For example, (i) we have provided EFT-POS terminal sourcing service and EFT-POS System Support Service to a taxi management company in Hong Kong since 2015; (ii) we received orders from an acquirer for EFT-POS terminal sourcing service, to the best knowledge of our Directors,

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to provide “pay at table” functions for merchant customers of that acquirer; (iii) we are currently developing software for parking meters as software solution services with “contactless” and “mobile” payment function; and (iv) we have conducted a project with a merchant to develop a software with similar function as “acquiring host” software, which allow the merchant to Capture real-time information of all transaction data and produce real-time transaction reports. Such function has similar nature of “acquiring host” software, which aim to Capture transaction data carried from a EFT-POS terminal and generate transaction reports. This software proves our capability to develop “acquiring host” software and sets the foundation for our further development of “acquiring host” software.

Notwithstanding that we have taken steps to test our capability to develop the above opportunities and accumulate certain experience, due to existing limited resources in terms of information technology workforce and business development staff, we are unable to proactively develop and market the above opportunities on a full-scale basis.

As illustrated above, the increase in the information technology staff helps increase the revenue of our Group thus the crucial way that we can further develop our business and capture market share is to increase the manpower in the business development team and the information technology team.

(e) Other benefits of the Listing

The Listing expenses to be borne by our Company represent approximately 40.6% of the gross proceeds of the New Shares under Share Offer based on the mid range of the indicative Offer Price, which is in line with general market practice for GEM. It should be emphasised that our Company did not pursue the Listing solely for the net proceeds from the Share Offer. Instead, the Listing provides a foundation that enables us to achieve long-term benefits for our continuing development. Notwithstanding that the Listing expenses incurred and the timing of Listing may be subject to uncertainty, considering the size of the net proceeds, limitations of other means of financing as a private company and the potential market opportunities as discussed above, our Directors consider the Listing exercise as a whole to be cost effective and justifiable.

The listing status will enhance our Group’s reputation and brand awareness. As part of our future plans, following the Listing, we will pursue market opportunities which are relevant to the governmental policies or government projects such as public car parking meters and taxi projects in Hong Kong. Reputation and credibility are two of the major factors that the government and general public will consider when assessing our suitability to pursue these opportunities. Our Directors believe that having a listing status can enhance our Group’s corporate profile and credibility to the government, our customers and suppliers and the general public. As a listed entity, government, customers, suppliers and the general public will have more confidence in the quality of our Group’s services, our financial strength and credibility, and transparency in operations and financial reporting standard. Our internal control and corporate governance practice will

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also be enhanced following the Listing. Our Directors believe that the fact that the tenders in the Trial Scheme were awarded to listed companies or their subsidiaries indicates that similar listed companies with its associated high reputation and transparency would normally have advantages in being awarded similar government tenders. Our Directors believe that the Listing could on one hand raise the public awareness of our Group and increase our reputation which would provide opportunities for us to participate in projects initiated by large incorporation and Hong Kong government in relation to electronic payment solutions. Particularly, we believe the EFT-POS market in Hong Kong is ready for wider application in line with EFT-POS technology which is advancing rapidly, and our Group perceives various market opportunities as detailed in the sections headed “Industry overview” and “Business – Our strategies – Expand and diversify our business offering” in this prospectus, of which most of those opportunities, if materialise, will create a significant impact and a change to those industries and sectors, among others, transportation industry and catering industry. Our Directors are of the view that the listing status can strengthen our market position and increase the bargaining power of our Group to deal with various counterparties, and can in turn leverage our expertise and experience in improving those industries and sectors and facilitate a more convenient lifestyle to the region. Moreover, given our leading position in the industry, we believe we are in a pole position to grab the first mover advantage from the listing status to enlarge the market size and capture more market share in the future. All of the above will in turn strengthen our competitiveness, which will help us to pursue and expand our market share and further boost our business performance and growth.

The listing status will help raise staff confidence. It will improve our ability to recruit, motivate and retain key management personnel so as to expediently and effectively capture any business opportunities that may arise. The Listing will enable us to offer an equity-based incentive programme (such as a share option scheme) to our employees that more directly correlates to their performance with our business. We would therefore be in a better position to motivate our employees with any incentive programmes that are closely aligned with the objective of creating value for our Shareholders.

In summary, the Listing will help strengthen the competitiveness of our Group, improve our financial standing, allowing us to participate in a wider range and larger scale of electronic payment solution projects and levelling the playing field with our competitors while differentiating us from our private competitors, so as to be in a better position to negotiate and solicit more and sizeable corporate and governmental related projects and enlarging the market size and our market share in the EFT-POS industry. This will enable us to implement our development strategies to capture more business opportunities when they arise and to benefit from the industry growth. Therefore, our Directors consider it is commercially justifiable and in the interests of our Company and our Shareholders as a whole to pursue the Listing.

IMPLEMENTATION PLANS

The implementation plans set forth below are based on the current economic status and the assumptions as set out in sub-section headed “Bases and assumptions” in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable

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factors, in particular the risk factors as set out in the section headed “Risk factors” in this prospectus. There is no assurance that our business objectives will be achieved or our business plans will be implemented according to the estimated time frame or at all.

The implementation of business strategies to achieve our business objectives from the Latest Practicable Date up to the period ending 30 September 2019 will be funded by the net proceeds from the issue of New Shares under the Share Offer and we intend to allocate the net proceeds from the issue of New Shares under the Share Offer as follows:

Objectives	Activities	Use of Proceeds <i>(HK\$'000)</i>
(a) For the period from the Latest Practicable Date to 31 March 2017		
Expand our information technology workforce for total EFT-POS solutions	• to recruit suitable candidates as our information technology staff. New headcount of about three information technology staff	263
Enhance information technology and network system	• purchase additional computers for new staff	48
Leased property improvements to accommodate new headcount	• to renovate and furnish existing premises to accommodate existing staff and new staff	288
Total:		<hr/> 599 <hr/>

Three new headcount in information technology staff will be recruited with the intention to assist existing information technology staff to develop software and electronic payment standards acceptance certification solutions for “pay at table” devices and begin to develop software for EFT-POS terminals for use in taxis and public car parking meters, in particular the new EFT-POS terminal models by Verifone, Supplier B and other EFT-POS terminal manufacturers certified for PCI protocol 4.x. and anticipated to be released in the last quarter of 2016. It is envisaged that one of the new headcount will focus on program coding and testing for EFT-POS terminals for use in taxis, one of the new headcount will focus on program coding and testing for “pay at table” devices, and one of the new headcount will focus on program coding and testing for EFT-POS terminals for use in public car parking meters.

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Objectives	Activities	Use of Proceeds (HK\$'000)
(b) For the six months from 1 April 2017 to 30 September 2017		
Expand our information technology workforce for total EFT-POS solutions	<ul style="list-style-type: none"> • to recruit suitable candidates as our information technology staff. New headcount of about eight information technology staff 	555
	<ul style="list-style-type: none"> • maintain the cost of additional staff 	315
Expand our business development workforce	<ul style="list-style-type: none"> • to recruit suitable candidates as our business development staff. New headcount of about four business development staff 	315
Expand our information technology workforce for acquiring host software service	<ul style="list-style-type: none"> • to recruit suitable candidates as our information technology staff. New headcount of about four information technology staff 	403
Enhance information technology and network system	<ul style="list-style-type: none"> • purchase additional computers for new staff 	192
	<ul style="list-style-type: none"> • purchase additional servers 	60
Leased property improvements to accommodate new headcount	<ul style="list-style-type: none"> • rental of additional premises to accommodate additional staff and new staff 	180
	<ul style="list-style-type: none"> • to renovate and furnish new premises 	450
Total:		<hr style="border: 0.5px solid black;"/> 2,470 <hr style="border: 1px solid black;"/>

Eight new headcount in information technology staff will be recruited with the intention to assist existing information technology staff to develop software and electronic payment standards acceptance certification solutions for EFT-POS terminal models with (i) one new headcount focusing on comprehensive quality assurance of the software and electronic payment standard applications developed for EFT-POS terminals for use in taxis, (ii) one new headcount focusing on customisation of EFT-POS terminals for use in taxis for each taxi management company, (iii) two new headcount focusing on comprehensive quality assurance of the software and electronic payment standard applications developed for EFT-POS terminals for “pay at table” devices (with one responsible for using the programming language java/C, and the other responsible for using the programming language Android/iOS), (iv) two new headcount focusing on customisation of “pay at table” devices for each chain-store food and beverage service provider (with one responsible for using the programming language java/C,

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and the other responsible for using the programming language Android/iOS), (v) one new headcount focusing on comprehensive quality assurance of the software and electronic payment standard applications developed for EFT-POS terminals for use in public car parking meters, and (vi) one new headcount focusing on customisation of the user interface of EFT-POS terminals for use in public car parking meters. The additional staff will allow each staff to specialise in each different EFT-POS terminal manufacturer enabling efficiency and reducing time required to develop software for particular EFT-POS terminal models.

Four new headcount in business development staff will be recruited with the intention to pursue and develop stronger relationships with acquirers and merchants (including taxi management companies) to promote the EFT-POS terminal models for use in taxis and explore market demand for and promote acceptance of “pay at table” devices among chain-store food and beverage service providers. It is envisaged that one of the new headcount will pursue and develop relationships with acquirers and taxi management companies in Hong Kong to promote the advantages of accepting electronic payment of taxi fares to add value to their taxi fleet. It is envisaged that two of the new headcount will pursue and develop relationships with medium and large scale chain-store food and beverage service providers in Hong Kong operating fine-dining/table service establishments that are most likely to take up “pay at table” devices to enhance customer service and satisfaction. It is also envisaged that one of the new headcount will pursue and develop relationships with contractors and contact with the governmental authority to pursue opportunities to develop electronic payment at public car parking meters.

Four new headcount in information technology staff will be recruited with the intention to develop the core program of the acquiring host software for acquirers. It is envisaged that two of the new headcount will focus on programming the core program using the programming language java/C and two of the new headcount will focus on programming the database for the software using the programming language “Oracle”.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

Objectives	Activities	Use of Proceeds (HK\$'000)
(c) For the six months from 1 October 2017 to 31 March 2018		
Expand our information technology workforce for total EFT-POS solutions	<ul style="list-style-type: none"> • maintain the cost of additional staff 	1,250
Expand our business development workforce	<ul style="list-style-type: none"> • to recruit suitable candidates as our business development staff. New headcount of about two business development staff 	227
	<ul style="list-style-type: none"> • maintain the cost of additional staff 	470
Expand our information technology workforce for acquiring host software service	<ul style="list-style-type: none"> • to recruit suitable candidates as our information technology staff. New headcount of about two information technology staff 	227
	<ul style="list-style-type: none"> • maintain the cost of additional staff 	470
Enhance information technology and network system	<ul style="list-style-type: none"> • purchase additional computers for new staff 	32
Leased property improvements to accommodate new headcount	<ul style="list-style-type: none"> • rental of additional premises to accommodate additional staff and new staff 	180
Total:		<hr style="border: 0.5px solid black;"/> 2,856 <hr style="border: 1.5px solid black;"/>

Two new headcount in business development staff will be recruited with the intention to pursue and develop relationships with smaller scale acquirers and medium to large scale merchants to promote the acquiring host software together with its merchant equivalent.

Two new headcount in information technology staff will be recruited with the intention to assist in the development of further customised versions of the acquiring host software for acquirers and merchant customers.

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Four new headcount in information technology staff will be recruited with the intention to assist in developing different graphical user interface versions of the acquiring host software and customised versions of the acquiring host software for acquirers and merchants; with (i) one new headcount will focus on programming customised versions of the core program using the programming language java/C, (ii) one new headcount will focus on programming customised versions of the database for the software using the programming language “Oracle”, and (iii) two new of the new headcount developing customised graphical user interface using the programming language Android/iOS.

Objectives	Activities	Use of Proceeds <i>(HK\$'000)</i>
(e) For the six months from 1 October 2018 to 31 March 2019		
Expand our information technology workforce for total EFT-POS solutions	• to recruit suitable candidates as our information technology staff. New headcount of about two information technology staff	227
	• maintain the cost of additional staff	1,514
Expand our business development workforce	• to recruit suitable candidates as our business development staff. New headcount of about two business development staff	227
	• maintain the cost of additional staff	1,000
Expand our information technology workforce for acquiring host software service	• maintain the cost of additional staff	1,205
Enhance information technology and network system	• purchase additional computers for new staff	32
Leased property improvements to accommodate new headcount	• rental of additional premises to accommodate additional staff and new staff	180
Total:		<u><u>4,385</u></u>

Two new headcount in information technology staff will be recruited with the intention to develop further customised graphical user interface versions, enhanced functions and value added applications for EFT-POS terminal models and “pay at table” devices aimed at individual food and beverage service providers.

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Two new headcount in business development staff will be recruited with the intention to bolster the capacity of the business development staff to maintain business relationships with acquirers and merchants to explore market demand and promote acceptance of “pay at table” devices among individual food and beverage service providers.

Objectives	Activities	Use of Proceeds <i>(HK\$'000)</i>
(f) For the six months from 1 April 2019 to 30 September 2019		
Expand our information technology workforce for total EFT-POS solutions	<ul style="list-style-type: none"> • to recruit suitable candidates as our information technology staff. New headcount of about two information technology staff • maintain the cost of additional staff 	227 1,525
Expand our business development workforce	<ul style="list-style-type: none"> • to recruit suitable candidates as our business development staff. New headcount of about two business development staff • maintain the cost of additional staff 	227 1,084
Expand our information technology workforce for acquiring host software service	<ul style="list-style-type: none"> • maintain the cost of additional staff 	1,033
Enhance information technology and network system	<ul style="list-style-type: none"> • purchase additional computers for new staff 	32
Leased property improvements to accommodate new headcount	<ul style="list-style-type: none"> • rental of additional premises to accommodate additional staff and new staff 	180
Total:		<hr style="border-top: 1px solid black;"/> 4,308 <hr style="border-top: 3px double black;"/>

Two new headcount in information technology staff will be recruited with the intention to develop further customised graphical user interface versions, enhanced functions and taxi meter integration for EFT-POS terminal models for use in taxis.

Two new headcount in business development staff will be recruited with the intention to bolster the capacity of the business development staff to maintain business relationships with acquirers and merchants to regularly promote our expanded range of available products and services as well as promote acceptance of integrated EFT-POS terminals for use in taxis.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

Bases and Assumptions

Potential investors should note that our ability to achieve our business objectives as well as our market and growth potential depends on a number of assumptions, in particular:

- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in Hong Kong or in any other places in which we carry on our business or will carry on our business;
- there will be no material changes in the prospects of electronic payment industry in general and the EFT-POS solution provider industry in particular;
- there will be no material changes in industry trends and spending patterns due to technological advancement or otherwise that render our services and solutions developed by us obsolete;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in the prevailing laws (whether in Hong Kong or any other part of the world), policies or industry or regulatory treatment relating to us, or in the political, economic or market conditions in the places in which we operate or will operate;
- there will be no change in the validity of the licences and permits obtained by us;
- the availability of potential targets suitable for acquisitions by our Group;
- there will be no material changes in the bases or rates of taxation in Hong Kong or in any other places in which we operate;
- there will be no significant changes in our business relationships with our major customers;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under the sub-section headed “Implementation plans” above in this section; and
- we will not be materially affected by the risk factors as set out under the section headed “Risk factors” in this prospectus.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

USE OF PROCEEDS

We estimate the net proceeds from the issue of New Shares under the Share Offer which we will receive, assuming an Offer Price of HK\$0.50 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$28.5 million, after deduction of underwriting fees and commissions and estimated total Listing expenses in the aggregate amount of approximately HK\$19.5 million paid/payable by us in connection with the Share Offer.

We intend to use the net proceeds from the issue of New Shares under the Share Offer which we will receive, for the following purposes:

- approximately 25.3%, or HK\$7.2 million, will be used to expand our information technology workforce for total EFT-POS solutions;
- approximately 15.4%, or HK\$4.4 million, will be used to expand our information technology workforce for acquiring host software service;
- approximately 15.4%, or HK\$4.4 million, will be used to expand our business development workforce;
- approximately 1.8%, or HK\$0.5 million, will be used to enhance our information technology and network system;
- approximately 5.6%, or HK\$1.6 million, will be used for property improvements to accommodate new headcount;
- approximately 28.4%, 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\$2.3 million, representing 8.1% of the net proceeds from the issue of New Shares under the Share Offer, will be used to provide funding for our working capital and other general corporate purposes.

As at the Latest Practicable Date, we had not engaged in any negotiations or entered into any letter of intent or any definitive and finalised understanding, commitment or agreement, legally binding or not, in connection with the above potential acquisitions or arrangements nor had we commenced any due diligence process in relation to the same. We may identify potential targets through our internal research, referral by our business partners, contacts or market agents with a focus on those which are sustainable and complementary to our business and in line with our business strategies from time to time. Currently, we do not set any monetary thresholds for potential targets. For further details on applying net proceeds for potential future strategic acquisitions or arrangements, please refer to the sub-section headed “Business – Our strategies – Selectively pursue strategic acquisitions and partnerships” in this

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

prospectus. Apart from net proceeds from the issue of New Shares under the Share Offer, we may resort to other fund raising methods including but not limited to equity financing or bank borrowings as and when further funds are needed for acquisitions or business cooperation. Our Board will review and, if it thinks fit, discuss, review and approve the relevant acquisition or business cooperation proposals and will also ensure that our acquisitions or business cooperation will be made in compliance with applicable laws and regulations.

According to current estimates, our Directors expect that the net proceeds from the issue of New Shares under the Share Offer of approximately HK\$28.5 million, the cash in bank and on hand as at the Latest Practicable Date together with the projected cash flow from operations will be sufficient to finance the implementation of our Company's future plans up to the period ending 30 September 2019.

If the Offer Price is determined at the highest point of the indicative Offer Price range, the net proceeds from the issue of New Shares under the Share Offer to be received by us is estimated to increase to approximately HK\$37.6 million. If the Offer Price is determined at the lowest point of the stated range, the net proceeds from the issue of New Shares under the Share Offer is estimated to decrease to approximately HK\$19.4 million. The above allocation of the net proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus.

The possible use of our proceeds outlined above may change in light of our evolving business needs and conditions, management requirements together with prevailing market circumstances. In the event of any material modification to the use of the proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year as required by the GEM Listing Rules.

To the extent that the net proceeds from the issue of New Shares under the Share Offer are not immediately required for the above purposes, it is the present intention of our Directors that such net proceeds be placed in short-term interest bearing deposit accounts held with authorised financial institutions.

The net proceeds of the Sale Shares, being 24,000,000 Shares, assuming an Offer Price of HK\$0.50 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.40 to HK\$0.60 per Offer Share, would be approximately HK\$10.5 million, after deducting the proportional underwriting commission and Listing expenses to be borne by the Selling Shareholder. The net proceeds of the Sale Shares will be attributable to the Selling Shareholder only and will not belong to our Company.

UNDERWRITING

THE UNDERWRITERS

Sole Bookrunner and Sole Lead Manager

Quam Securities Company Limited

Co-Managers

Brilliant Norton Securities Company Limited

Frontpage Capital Limited

Sun International Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer, our Company is offering the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Stock Exchange granting listing of, and permission to deal in, our Shares in issue and the Offer Shares and any options that may be granted under the Share Option Scheme and to certain other conditions set out in the Public Offer Underwriting Agreement and the Placing Underwriting Agreement having been duly executed and delivered and having become unconditional in accordance with their respective terms, the Underwriters have agreed severally to subscribe or procure subscribers for, their respective applicable proportions of the Public Offer Shares which are being offered but are not taken up under the Public Offer on the terms and subject to the conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

Grounds for Termination

The obligations of the Underwriter to subscribe or procure subscriptions for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Sole Lead Manager (for itself and on behalf of the Underwriters) shall have the sole and absolute right by notice in writing to our company to terminate the Public Offer Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “Termination Time”) if any of the following events shall occur prior to the Termination Time:

- (a) there develops, occurs, exists or comes into force:
 - (i) any change or development involving a prospective change, or any event resulting or reasonably expected to result in or representing any prospective change or development in, local, national, regional or international financial, political, military, industrial, economic, currency market, credit, fiscal or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, credit markets, and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI or any other jurisdiction relevant to any member of our Group (each a “Relevant Jurisdiction”); or

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- (ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent Authority in or affecting any Relevant Jurisdiction; or
- (iii) any event or series of events in the nature of *force majeure* (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, declaration of a national or international emergency, acts of war, riot, public disorder, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, pandemic, outbreak of infectious disease (including without limitation Severe Acute Respiratory Syndromes (SARS), H5N1, H1N1, H7N9)), economic sanctions, in or affecting any of the Relevant Jurisdictions; or
- (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or
- (v) the imposition or declaration of (A) any moratorium, suspension, restriction or limitation on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the American Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange, the Tokyo Stock Exchange, the Shenzhen Stock Exchange, or (B) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant Authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (vi) any change or event involving a prospective change in taxation, exchange controls (or the implementation of any exchange control) or foreign investment regulations in any of the Relevant Jurisdictions; or
- (vii) any imposition of economic sanction or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (viii) any adverse change or development or event or a prospective adverse change in our Group's assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position, prospects, or any change in capital stock or long-term debt of our Company or any other members of our Group, or any loss or interference with the assets, operations or business of our Company or any other member of our Group, which (in any such case) is not set forth in the Prospectus; or

UNDERWRITING

- (ix) a Director being charged with an indictable offence or prohibited by operation of Laws or otherwise disqualified from taking part in the management of a company; or
- (x) the Chairman or chief executive officer of our Company vacating his office; or
- (xi) a contravention by any member of our Group of the GEM Listing Rules or any applicable Laws or regulations in the PRC, the Cayman Islands, Hong Kong and the BVI; or
- (xii) an order or petition is presented for the winding up or liquidation of our Company or any of its Subsidiaries, or our Company or any of its Subsidiaries make any compromise or arrangement with its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any of its Subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any of its Subsidiaries or anything analogous thereto occurs in respect of our Company or any of its Subsidiaries; or
- (xiii) any valid demand by creditors for repayment or payment of any of our Company's indebtednesses or those of any of its Subsidiaries or in respect of which our Company or any of its Subsidiaries is liable prior to its stated maturity; or
- (xiv) any material loss or damage on our Group's financial and business operations sustained by our Company or any of its Subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xv) any litigation or claim being instigated against our Company or any of its Subsidiaries or our Controlling Shareholders; or
- (xvi) a prohibition on our Company for whatever reason from allotting or transferring the Offer Shares pursuant to the terms of the Share Offer; or
- (xvii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription of the Public Offer Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable Laws, other than with the approval of the Sole Sponsor, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated Share Offer of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xviii) any event which give rise or would give rise to liability on the part of our Company pursuant to the indemnity provisions in the Public Offer Underwriting Agreement; or

UNDERWRITING

- (xix) any material change or prospective material change in, or a materialisation of, any of the risks set out in the section headed “Risk factors” in this prospectus, and which, individually or in the aggregate, in the sole and absolute opinion of the Sole Lead Manager (for itself and on behalf of the Underwriters) and after consultation with our Company,
- (A) has or may have or will have a materially adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, shareholders’ equity, profits, losses, trading position, results of operation, prospects, position or condition, financial or otherwise, or performance of our Group as a whole; or
- (B) has or may have or will have a material adverse effect on the success or the indication of level of interest in the Share Offer; or
- (C) makes or may make or will make it inadvisable or inexpedient to proceed with the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or
- (b) there has come to the notice of the Sole Lead Manager after the date of the Public Offer Underwriting Agreement:
- (i) that any statement contained in the Offer Documents (as defined under the Public Offer Underwriting Agreement), the Formal Notice or any announcements in the agreed form issued or used by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto) was, when it was issued, or has or may become untrue or incorrect or misleading in any material respect, or that any forecast, expression of opinion, intention or expectation contained therein is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or
- (ii) that any matter has arisen or has been discovered which, had it arisen or been discovered immediately before the date of this prospectus, would or might constitute a material omission from this prospectus and/or in any notices or announcements issued or used by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto); or
- (iii) that any of the warranties given by our Company and our Controlling Shareholders is (or would when repeated be) untrue, inaccurate or misleading or having been breached; or
- (iv) that any matter, event, act or omission which gives or is likely to give rise to any liability of our Company or our Controlling Shareholders out of or in connection with any breach, inaccuracy and/or incorrectness of the warranties and/or pursuant to the indemnities given by our Company, our Controlling Shareholders or any of them under the Public Offer Underwriting Agreement; or

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- (v) that any material breach of any of the obligations or undertakings of any party to the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (other than the Sole Sponsor, the Sole Lead Manager or the Underwriters); or
- (vi) that a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares pursuant to the terms of the Public Offer; or
- (vii) that our Company withdraws this prospectus; or
- (viii) that approval by the Listing Division of the listing of, and permission to deal in, the Shares in issue and to be issued (including the Shares to be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme) under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the date of approval of the Listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (ix) that any person (other than the Sole Sponsor) has withdrawn or is subject to withdrawal of its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) or references to its name included in the form and context in which it respectively appears.

Placing

In connection with the Placing, our Company expects to enter into the Placing Underwriting Agreement with the Selling Shareholder, the Controlling Shareholders, the Sole Sponsor, the Sole Lead Manager and the Underwriters, on the terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Underwriters are expected to severally, but not jointly, agree to act as agents of our Company to procure subscribers for the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the sub-section headed “Underwriting – Undertakings pursuant to the Underwriting Agreements” in this prospectus.

UNDERWRITING

Commissions and expenses

The Underwriters will receive an underwriting commission of 3.0% on the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer, out of which they will pay any sub-underwriting commission. For unsubscribed Public Offer Shares reallocated to the Placing, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be retained by the Sole Lead Manager.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy and Stock Exchange trading fee in respect to the New Shares offered by us, legal and other professional fees and printing and other expenses relating to the Share Offer are estimated to amount to approximately HK\$19.5 million in total (based on the Offer Price of HK\$0.50, being the mid-point of the indicative Offer Price range between HK\$0.40 and HK\$0.60) and will be payable by us.

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE GEM LISTING RULES

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that he/it shall not and shall procure that the relevant registered holder(s) shall not:

- (i) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; or
- (ii) in the period of six months commencing on the date on which the period referred to in (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances he/it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Each of our Controlling Shareholders has also undertaken to the Stock Exchange and our Company to comply with the following requirements:

- (i) in the event that he/it pledges or charges any direct or indirect interest in relevant Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, he/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

UNDERWRITING

- (ii) having pledged or charged any interest in Shares under (i) above, he/it must inform our Company immediately in the event that he/it becomes aware that the pledge or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will inform the Stock Exchange as soon as we have been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

UNDERTAKINGS PURSUANT TO THE UNDERWRITING AGREEMENTS

Our Company has undertaken to the Sole Sponsor and the Sole Lead Manager (for itself and on behalf of the Underwriters) that, and our Controlling Shareholders have undertaken to procure that, our Company will not, without the Sole Lead Manager's prior written consents (such consent not to be unreasonably withheld or delayed) and unless in compliance with the GEM Listing Rules, during the period (the "**First Twelve-Month Period**") commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling 12 months after the date on which dealings in the Shares commence on the Stock Exchange:

- (i) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of its share capital, debt capital or any securities of our Company or any of the Subsidiaries or any interest therein or any voting right or any other right attaching thereto (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein) save as pursuant to the repurchase mandate granted by the shareholders of our Company to our Directors which details are set out in Appendix IV to this prospectus; or
- (ii) enter into any swap or other arrangement that transfers to any third party other than any member of our Group, in whole or in part, any of the economic consequences of ownership of such share capital or securities or interest therein or any voting right or any other right attaching thereto; or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraphs (i), (ii) or (iii) above,

whether any of the foregoing transactions described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, provided that the foregoing restrictions shall not apply to the issue of Shares by our Company pursuant

UNDERWRITING

to the Public Offer (including upon the exercise of the options which may be granted under the Share Option Scheme and the allotment and issue of Shares pursuant to the exercise of the options so granted); and our Company has undertaken for a further 12 months following the First Twelve-Month Period (the “**Second Twelve-Month Period**”) to each of the Sole Sponsor and the Sole Lead Manager (acting on behalf of all the Underwriters) that, and our Controlling Shareholders have further undertaken to procure that, our Company will not, without the Sole Sponsor and the Sole Lead Manager’s prior written consents and unless in compliance with the GEM Listing Rules, enter into any of the foregoing transactions described in paragraphs (i), (ii) or (iii) above such that any of Controlling Shareholders, directly or indirectly, would cease to be controlling shareholder of our Company (within the meaning defined in the GEM Listing Rules).

Each of our Controlling Shareholders has jointly and severally undertaken with our Company, the Sole Sponsor and the Sole Lead Manager (for itself and on behalf of all the Underwriters) that, except with the prior written consents of the Sole Sponsor and the Sole Lead Manager (such consents not to be unreasonably withheld or delayed), and unless in compliance with the requirements of the GEM Listing Rules:

- (i) he or she or it will not at any time during the First Twelve-Month Period offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase for, lend or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein held by him or her or it or any voting right or any other right attaching thereto (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) whether currently held or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so, provided that the restriction shall not apply to any pledge or charge of Shares by our Controlling Shareholders in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in accordance with the GEM Listing Rules;
- (ii) he or she or it will not at any time during the Second Twelve-Month Period enter into any of the transactions described in paragraph (i) above if, immediately following such transaction, he or she or it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company provided that the restriction shall not apply to any pledge or charge of Shares by our Controlling Shareholders in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in accordance with the GEM Listing Rules; and

UNDERWRITING

in the event of a disposal by him or her or it of any share capital or any interest therein or any voting right or any other right attaching thereto during the period referred to in paragraph (ii) above, he or she or it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company.

SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

Save as provided for under the Underwriting Agreements, none of the Underwriters has any shareholding interests in any member of our Group nor has any right or option to subscribe for or nominate persons to subscribe for any Shares.

SOLE SPONSOR'S INTEREST

Save as provided for under the Underwriting Agreements, neither the Sole Sponsor nor any of its associates has or may have, as a result of the Share Offer, any interest in any securities of our Company or any other member of our Group (including rights to subscribe for such securities).

Neither the Sole Sponsor nor any of its associates has accrued any material benefit as a result of the successful outcome of the Share Offer, other than the following:

- (a) by way of documentation and financial advisory fee to be paid to the Sole Sponsor for acting as the sole sponsor of the Share Offer;
- (b) in taking up the underwriting obligations under the Underwriting Agreements;
- (c) by way of an underwriting commission to be paid to the Sole Lead Manager for acting as one of the Underwriters to the Share Offer pursuant to the Underwriting Agreements; and
- (d) the Sole Sponsor has been appointed as the compliance adviser of our Company for the purpose of the GEM Listing Rules for a fee from the Listing Date to the date on which our Company distributes the annual report for the second full financial year commencing after the Listing Date in accordance with Rule 18.03 of the GEM Listing Rules, or until the compliance adviser agreement is otherwise terminated upon the terms and conditions set out therein.

None of the directors and employees of the Sole Sponsor has any directorship in our Company or any member of our Group.

STRUCTURE OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Share Offer. An aggregate of 120,000,000 Shares (comprising 96,000,000 New Shares to be issued by us and 24,000,000 Sale Shares to be offered for sale by the Selling Shareholder) will be initially available under the Share Offer, of which (i) 84,000,000 New Shares and (ii) 24,000,000 Sale Shares will be conditionally placed pursuant to the Placing to professional, institutional and other investors and the remaining 12,000,000 New Shares will be offered to the public in Hong Kong at the Offer Price under the Public Offer (subject, in each case, to reallocation on the basis described below under the sub-section headed “The Public Offer”) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S.

The 120,000,000 Offer Shares initially being offered in the Share Offer will represent approximately 25% of our enlarged issued share capital immediately after completion of the Share Offer. The underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

Investors may apply for the Offer Shares under the Public Offer or apply for or indicate an interest for the Shares under the Placing, but may not apply under both of these methods for the Offer Shares. In other words, you may only receive Offer Shares under either the Public Offer or the Placing, but not under both of these methods.

THE PUBLIC OFFER

The Public Offer is fully underwritten by the Underwriters on a several basis under the terms of the Public Offer Underwriting Agreement and is subject to our Company (for itself and on behalf of the Selling Shareholder) and the Sole Lead Manager, on behalf of the Underwriters, agreeing on the Offer Price. The Public Offer and the Placing are subject to the conditions set forth in the sub-section headed “Conditions of the Share Offer” herein. The Public Offer Underwriting Agreement and the Placing Underwriting Agreement are expected to be conditional upon each other.

Number of Shares initially offered

The Public Offer is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set forth in the Public Offer Underwriting Agreement and described in the section below headed “Conditions of the Share Offer”) for the subscription in Hong Kong of, initially, 12,000,000 Offer Shares at the Offer Price (representing approximately 10% of the total number of the Offer Shares).

The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

STRUCTURE OF THE SHARE OFFER

Allocation

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Subject to any adjustment in the number of Offer Shares allocated between the Placing and the Public Offer, the total number of Offer Shares available under the Public Offer will represent approximately 2.5% of our Company's enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation on the Application Form submitted by him/her/it that he/she/it has not applied for nor taken up any Offer Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is liable to be rejected. Multiple or suspected multiple applications and any application for more than 100% of the Public Offer Shares initially comprised in the Public Offer are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment. If the number of Shares validly applied for under the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, or (iii) 100 times or more of the number of Shares initially available under the Public Offer, then the Offer Shares will be reallocated to the Public Offer from the Placing, such that the total number of Shares available under the Public Offer will be increased to 36,000,000 Shares (in the case of (i)), 48,000,000 Shares (in the case of (ii)) and 60,000,000 Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Share Offer, respectively. In each case, the number of the Offer Shares allocated to the Placing will be correspondingly reduced in such manner as the Sole Lead Manager deems appropriate. In addition, the Sole Lead Manager may, in its sole discretion, allocate the Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

If the Public Offer is not fully subscribed for, the Sole Lead Manager has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Sole Lead Manager deems appropriate.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation on the Application Form submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or

STRUCTURE OF THE SHARE OFFER

indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application may be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he/she/it has been or will be placed or allocated Offer Shares under the Placing.

The listing of our Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Public Offer are required to pay, on application, the maximum price of HK\$0.60 per Offer Share in addition to any brokerage fee, SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Pricing of the Share Offer" below, is less than the maximum price of HK\$0.60 per Offer Share, appropriate refund payments (including the brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Please refer to the section headed "How to apply for the Public Offer Shares" in this prospectus for further details.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Public Offer.

THE PLACING

The Placing is fully underwritten by the Underwriters on a several basis upon and subject to the terms and conditions of the Placing Underwriting Agreement.

Number of Placing Shares offered

Subject to reallocation as described above, the number of Offer Shares to be initially offered under the Placing will be 108,000,000 Shares, which comprise 84,000,000 New Shares being offered by our Company and 24,000,000 Sale Shares being offered by the Selling Shareholder representing in aggregate approximately 90% of the initial Offer Shares under the Share Offer.

Allocation

Pursuant to the Placing, 108,000,000 Placing Shares will be conditionally placed on behalf of our Company and the Selling Shareholder, by the Underwriters or through selling agents appointed by them.

The Placing will involve selective marketing of our Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. The Placing is subject to the Public Offer being unconditional. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the

STRUCTURE OF THE SHARE OFFER

Placing Shares will be determined by the Sole Lead Manager, and will be effected in accordance with the “book-building” process described in the section headed “Pricing of the Share Offer” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid shareholder base to our Company’s benefit and that of our Shareholders as a whole.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described above in the paragraph headed “The Public Offer – Reallocation” in this section in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

Our Directors, the Sole Lead Manager (on behalf of the Underwriters) and our Company will take reasonable steps to identify and reject applicants under the Public Offer from investors who have received Offer Shares in the Placing, and to identify and reject indications of interest in the Placing from investors who have received Offer Shares in the Public Offer.

PRICING OF THE SHARE OFFER

The Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, when market demand for the Shares will be determined, which is expected to be on or around Friday, 9 December 2016, and in any event no later than Tuesday, 13 December 2016, by agreement between the Sole Lead Manager, on behalf of the Underwriters, and our Company and the number of Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$0.60 per Offer Share and is expected to be not less than HK\$0.40 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Applicants under the Public Offer must pay, on application, the maximum price of HK\$0.60 per Offer Share plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee amounting to a total of HK\$3,030.23 per board lot of 5,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in

STRUCTURE OF THE SHARE OFFER

this prospectus. If the Offer Price, as finally determined in the manner described below, is lower than HK\$0.60, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus money) to successful applicants, without interest. For further details, please refer to the section headed “How to apply for the Public Offer Shares” in this prospectus.

The Sole Lead Manager, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company and the Selling Shareholder, reduce the number of Public Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In case of such a reduction, our Company will, as soon as practicable following the decision to make the reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause there to be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of our Company (www.eftsolutions.com) notices of the reduction in the number of Public Offer Shares and/or the indicative Offer Price range. Upon issue of these notices, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Lead Manager, on behalf of the Underwriters, and us (for ourselves and on behalf of the Selling Shareholder), will be fixed within this revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Public Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Public Offer. The notices will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set forth in this prospectus, and any other financial information which may change as a result of such reduction. Applicants under the Public Offer should note that if an application for the Public Offer Shares before the last day for lodging applications under the Public Offer have been submitted, applicants will not be allowed to subsequently withdraw their application. However, if the number of Offer Shares and/or the Offer Price Range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Sole Lead Manager may, at its discretion, reallocate the number of Offer Shares to be offered in the Public Offer and the Placing, provided that the number of Offer Shares comprised in the Public Offer shall not be less than 10% of the total number of Offer Shares available under the Share Offer.

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of Shares available under the Public Offer, are expected to be announced on Wednesday, 14 December 2016 on the website of the Stock Exchange (www.hkexnews.hk) and the website of our Company (www.eftsolutions.com).

DEALING

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 15 December 2016, it is expected that dealings in the Shares on the GEM Board of the Stock Exchange will commence at 9:00 a.m. on Thursday, 15 December 2016.

Shares will be traded in board lot of 5,000 Shares each and the stock code for our Shares is 8062.

STRUCTURE OF THE SHARE OFFER

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- (i) the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue, the Offer Shares and any additional Shares which may fall to be issued pursuant to any options that may be granted under the Share Option Scheme (subject only to allotment), and such listing and permission not having been revoked prior to the commencement of dealings in Shares on the Stock Exchange;
- (ii) the Offer Price having been duly determined and the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date;
- (iii) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Lead Manager, on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements; and

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company, the Selling Shareholder and the Sole Lead Manager (on behalf of the Underwriters) by Tuesday, 13 December 2016, the Share Offer will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Share Offer on the website of the Stock Exchange (www.hkexnews.hk) and the website of our Company (www.eftsolutions.com) on the next day following such lapse. In such eventuality, all application money will be returned, without interest, on the terms set forth in the section headed "How to apply for Public Offer Shares". In the meantime, all application money will be held in (a) separate bank account(s) with the receiving banker or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong (as amended).

We expect to issue share certificates for the Offer Shares on Wednesday, 14 December 2016. Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Thursday, 15 December 2016 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the sub-section headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" has not been exercised.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

You may apply for the Public Offer Shares by either using a **WHITE** or **YELLOW** Application Form or electronically cause HKSCC Nominees to apply on your behalf. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a **WHITE** or **YELLOW** Application Form or electronically cause HKSCC Nominees to apply on your behalf.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If your application is made through a person under a power of attorney, the Sole Lead Manager may accept or reject your application at its discretion, and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Offer Shares if you are:

- an existing beneficial owner of shares in our Company and/or any of its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a close associate (as defined in the GEM Listing Rules) of any of the above;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or
- have been allocated or have applied for or indicated an interest in any Offer Shares under the Placing.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

3. APPLYING FOR THE PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form. For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Note: Save under the circumstances permitted by the GEM Listing Rules, the Public Offer Shares are not available to existing beneficial owners of the Shares in our Company or any of its subsidiaries or the associates of any of them, the directors or chief executive of our Company or any of its subsidiaries or the associates of any of them or the connected persons (as defined in the GEM Listing Rules) of our Company or any of its subsidiaries or persons who will become connected persons of our Company or any of its subsidiaries immediately upon completion of the Share Offer.

Where to collect the **WHITE** and **YELLOW** Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 am on Monday, 5 December 2016 to 12:00 noon on Thursday, 8 December 2016 from:

- (a) any of the following addresses of the Underwriters:

Name	Address
Quam Securities Company Limited	18/F-19/F, China Building 29 Queen's Road Central Central Hong Kong
Brilliant Norton Securities Company Limited	Suite 804 8/F Jubilee Centre 46 Gloucester Road Wan Chai Hong Kong
Frontpage Capital Limited	26/F, Siu On Centre 188 Lockhart Road Wanchai Hong Kong
Sun International Securities Limited	Unit 2412-13, 24/F China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (b) or at any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

	Branch Name	Address
Hong Kong Island	Central Branch	1/F, 9 Queen's Road Central
	Causeway Bay Branch	Shop A on G/F, 1/F Hennessy Apartments 488 & 490 Hennessy Road
Kowloon	Tsimshatsui East Branch	Shop B, G/F, Railway Plaza 39 Chatham Road South Tsimshatsui
	Kwun Tong Branch	Shop 5 & 6, 1/F, Crocodile Center, 79 Hoi Yuen Road Kwun Tong
New Territories	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road
	Shatin Branch	Shop 22J, Level 3 Shatin Centre

You can collect a **YELLOW** Application Form and a prospectus from:

- (a) The Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. on Monday, 5 December 2016 until 12 noon on Thursday, 8 December 2016; or
- (b) Your stockbroker, who may have such Application Forms and this prospectus available.

How to complete the WHITE and YELLOW Application Forms

There are detailed instructions on each Application Form. You should read those instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated on the Application Form.

You should note that by completing and submitting the **WHITE** or **YELLOW** Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee:

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- instruct and authorise our Company and/or the Sole Lead Manager and/or the Underwriters (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Public Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;
- undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Public Offer Shares allocated to you, and as required by the Articles of Association;
- confirm that you have received a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making the application, and not on any other information or representation concerning our Company and you agree that neither our Company, the Sole Sponsor, the Sole Lead Manager or the Underwriters nor any of their respective directors, officers, employees, partners, agents, advisers or any other parties involved in the Share Offer will have any liability for any such other information or representations;
- agree (without prejudice to any other rights which you may have) that once the application has been accepted, you may not revoke or rescind it because of an innocent misrepresentation;
- if the application is made for your own benefit, warrant that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form;
- if the application is made by an agent on your behalf, warrant that you have validly and irrevocably conferred on the agent all necessary power and authority to make the application;
- if you are an agent for another person, warrant that reasonable enquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form, and that you are duly authorised to sign the Application Form as that other person's agent;
- undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any Placing Shares in the Placing, nor otherwise participate in the Placing;
- warrant the truth and accuracy of the information contained in your application;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- agree to disclose to our Company, the Hong Kong Branch Share Registrar, the receiving bankers, the Sole Sponsor, the Sole Lead Manager and their respective advisers and agents any personal data and information about you or the person(s) for whose benefit you have made the application;
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- undertake and agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- represent and warrant that you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing this application and you are not, and none of the other person(s) for whose benefit you are applying, is a U.S. person (as defined in Regulation S) described under the U.S. Securities Act;
- agree that once your application is accepted, your application will be evidenced by the results of the Public Offer made available by our Company;
- authorise our Company to place your name(s) or the name of HKSCC Nominees, as the case may be, on our register of members of our Company as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or our agents to send or deposit any share certificate(s) (where applicable) to you or into CCASS (as the case may be) and/or to send any refund cheque(s) (where applicable) to you or (in case of joint applicants) the first-named applicant on the Application Form by ordinary post at your own risk to the address stated on your Application Form (unless you have applied for 1,000,000 Public Offer Shares or more and have indicated on the Application Form that you will collect the share certificate(s) (where applicable and if you use a **WHITE** Application Form) and/or refund cheques (where applicable) in person in accordance with the terms set out in the relevant Application Form and this prospectus);
- understand that these declarations and representations will be relied upon by our Company, and the Sole Sponsor in deciding whether or not to make any allotment of Public Offer Shares in response to your application;
- if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Lead Manager or the Underwriters nor any of their respective directors, employees, partners, agents, officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to subscribe, or any actions arising from your rights and obligations under the terms and conditions set out in this prospectus;
- agree with us, for ourselves and the benefit of each of our Shareholders, and we agree with each of our Shareholders, to observe and comply with the Cayman Companies Law, our Memorandum of Association and Articles of Association;

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- agree with us, for ourselves and the benefit of each of our Shareholders, that the Shares are freely transferable by the holder(s) thereof;
- authorise us to enter into a contract on your behalf with each of our Directors and officers under which such Directors and Officers undertake to observe and comply with their obligations to Shareholders stated in our Memorandum of Association and Articles of Association;
- confirm that you are aware of the restrictions on offering of the Public Offer Shares described in this prospectus; and
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Forms and agree to be bound by them.

In order for the **YELLOW** Application Forms to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the Application Form. Only written signatures will be accepted.

(a) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

- i. the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box on the Application Form.

(b) If the application is made by an individual CCASS Investor Participant:

- i. the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card number; and
- ii. the CCASS Investor Participant must insert its participant I.D. in the appropriate box on the Application Form.

(c) If the application is made by a joint individual CCASS Investor Participant:

- i. the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card numbers of all joint CCASS Investor Participants; and
- ii. the participant I.D. must be inserted in the appropriate box on the Application Form.

(d) If the application is made by a corporate CCASS Investor Participant:

- i. the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

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- ii. the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box on the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. and/or company chop bearing its company name or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked “For nominees” account numbers or other identification code for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner.

If you apply for the Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to above, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee are deemed to do the followings:

- (a) agree that any Public Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant, in accordance with your election on the Application Form;
- (b) agree that each of HKSCC and HKSCC Nominees reserves the right at its absolute discretion (1) not to accept any or part of such allotted Public Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Public Offer Shares for deposit into CCASS; (2) to cause such allotted Public Offer Shares to be withdrawn from CCASS and transferred into your name (or, if you are a joint applicant, to the name of the first-named applicant) at your own risk and costs; and (3) to cause such allotted Public Offer Shares to be issued in your name (or, if you are a joint applicant, in the name of the first-named applicant) and in such a case, to post the share certificates for such allotted Public Offer Shares at your own risk to the address stated on the Application Form by ordinary post or to make available the same for your collection;
- (c) agree that each of HKSCC and HKSCC Nominees may adjust the number of allotted Public Offer Shares issued in the name of HKSCC Nominees;
- (d) agree that neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and
- (e) agree that neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

If your application is made through a duly authorised attorney, our Company and the Sole Lead Manager (as our Company’s agent and on behalf of the Underwriters) may accept it at their discretion, and subject to any conditions our Company thinks fit, including evidence of

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the authority of your attorney. Our Company, the Sole Lead Manager (as the agent of our Company) or their respective agents and nominees will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

4. TIME FOR LODGING APPLICATION FORM

Completed **WHITE** or **YELLOW** Application Forms, together with a cheque or a bankers' cashier order attached and marked payable to ICBC (Asia) Nominees Limited – EFT Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of receiving bank listed above under the sub-section headed “Where to collect the **WHITE** and **YELLOW** Application Forms” at the following times:

Monday, 5 December 2016 – 9:00 a.m. to 5:00 p.m.
Tuesday, 6 December 2016 – 9:00 a.m. to 5:00 p.m.
Wednesday, 7 December 2016 – 9:00 a.m. to 5:00 p.m.
Thursday, 8 December 2016 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 8 December 2016, the last application day or such later time as described in the paragraph headed “9. Effect of bad weather on the opening of the application lists” in this section.

How to make payment for the application

Each completed **WHITE** or **YELLOW** Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- be drawn on your Hong Kong dollar bank account in Hong Kong;
- show your account name. This name must either be pre-printed on the cheque or be endorsed on the reverse of the cheque by an authorised signatory of the bank. The account name must be correspond with the name of the applicant on your Application Form (or, in the case of joint applicants, the name of the first-named applicant). If the cheque is drawn on a joint account, one of the joint account names must be the same as the name of the first-named applicant;
- be made payable to “ICBC (Asia) Nominees Limited – EFT Public Offer”;
- be crossed “Account Payee Only”; and
- not be post-dated.

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Your application may be rejected if your cheque does not meet all these requirements or is dishonoured on its first presentation.

If you pay by banker's cashier order, the cashier order must:

- be in Hong Kong dollars;
- be issued by a licensed bank in Hong Kong and have your name certified on the reverse of the banker's cashier order by an authorised signatory of the bank on which it is drawn. The name on the reverse of the banker's cashier order and the name on the Application Form must be the same. If it is a joint application, the name on the reverse of the banker's cashier order must be the same as the name of the first-named applicant;
- be made payable to "ICBC (Asia) Nominees Limited – EFT Public Offer";
- be crossed "Account Payee Only"; and
- not be post-dated.

Your application may be rejected if your banker's cashier order does not meet all these requirements.

The right is reserved to present all or any remittance for payment. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Thursday, 8 December 2016. Our Company will not give you a receipt for your payment. Our Company will keep any interest accrued on your application monies. The right is also reserved to retain any share certificates and/or any surplus application monies or refunds pending clearance of your cheque or banker's cashier order.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

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HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center

1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Sole Lead Manager and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - **agree** that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - **agree** to accept the Public Offer Shares applied for or any lesser number allocated;
 - **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the electronic application instructions are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;

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- (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- **confirm** that you understand that our Company, our Directors and the Sole Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- **authorise** our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- **agree** that none of our Company, the Sole Sponsor, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- **agree** to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Sole Lead Manager, the Underwriters and/or their respective advisers and agents;
- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to

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in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- **agree** with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- **agree** that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

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- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 5,000 Public Offer Shares. Instructions for more than 5,000 Public Offer Shares must be in one of the numbers set out in the table on the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Monday, 5 December 2016 – 9:00 a.m. to 8:30 p.m.⁽¹⁾
- Tuesday, 6 December 2016 – 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Wednesday, 7 December 2016 – 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Thursday, 8 December 2016 – 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 5 December 2016 until 12:00 noon on Thursday, 8 December 2016.

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 8 December 2016, the last application day or such later time as described in “9. Effect of bad weather on the opening of the application lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

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Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Lead Manager, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Lead Manager, the Sole Sponsor and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 8 December 2016.

7. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Public Offer Shares if and only if:

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code

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for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” in relation to a company means you:

- control the composition of the board of directors of that company; or
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The maximum Offer Price is HK\$0.60 per Public Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full. This means that for every board lot of 5,000 Public Offer Shares, you will pay approximately HK\$3,030.23. The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for certain multiples of Public Offer Shares up to 12,000,000 Shares.

You must pay the maximum Offer Price, plus brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full upon application for Public Offer Shares by a cheque or a banker’s cashier order in accordance with the terms set out on the Application Forms (if you apply by an Application Form).

If your application is successful, brokerage of 1% is paid to participants of the Stock Exchange, the SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% are paid to the Stock Exchange (in the case of the SFC transaction levy of 0.0027%, collected on behalf of the SFC).

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9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists of the Public Offer will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning signal,

in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 8 December 2016.

Instead they will be open from 11:45 a.m. to 12:00 noon on the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists of the Public Offer Shares do not open and close on Thursday, 8 December 2016, or if there is a tropical cyclone warning signal number 8 or above or “black” rainstorm warning signal in force in Hong Kong that may affect the other dates mentioned in the section headed “Expected timetable” in this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

A notification announcement under Rules 16.13 and 16.16 of the GEM Listing Rules which also includes the Offer Price, an indication of the level of interest in the Placing, the results of applications under the Public Offer and the basis of allocation of the Public Offer Shares will be published by us on Wednesday, 14 December 2016 on the website of our Company (www.eftsolutions.com) and the website of the Stock Exchange (www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- Results of allocations in the Public Offer can be found in our announcement to be posted on our Company’s website at www.eftsolutions.com and the website of the Stock Exchange at www.hkexnews.hk by no later than 8:30 a.m. on Wednesday, 14 December 2016;
- Results of allocations in the Public Offer will be available from our designated results of allocations website at www.ewhiteform.com.hk/results with a “search by ID” function on a 24-hour basis from 8:30 a.m. on Wednesday, 14 December 2016 to 12:00 midnight on Tuesday, 20 December 2016;

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- Results of allocations will be available from our Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Public Offer Shares allocated to them, if any, by calling 2153 1688 between 9:00 a.m. and 6:00 p.m. from Wednesday, 14 December 2016 to Tuesday, 20 December 2016 (excluding Saturday, Sunday and Public Holiday);
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches from Wednesday, 14 December 2016 to Friday, 16 December 2016 at all the receiving bank branches at the addresses set out in the section headed “How to apply for the Public Offer Shares – Where to collect the **WHITE** and **YELLOW** Application Forms” in this prospectus.

If our Company accepts your offer to purchase (in whole or in part), which we may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED THE PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allotted the Public Offer Shares are set out in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Public Offer Shares will not be allotted to you.

- **If your application is revoked:**

By completing and submitting an Application Form, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked until after the expiration of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or application. This collateral contract will be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person on or before until after the expiration of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus.

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Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday, or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicant(s) shall be deemed to have applied on the basis of the prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification of the results of allotment in the manner as described in the subsection headed “Publication of results” and where such basis of allotment is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

- **Full discretion of our Company or its agents to reject or accept your application:**

Our Company, the Sole Lead Manager (as the agent of our Company) or their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application.

Our Company, the Sole Lead Manager (in its capacity as our Company’s agent) or their respective agents or nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of the Public Offer Shares is void:**

The allotment of the Public Offer Shares to you or to HKSCC Nominees will be void if the Stock Exchange does not grant permission to list the Shares in issue and to be issued as mentioned in this prospectus either:

- within **three** weeks from the closing date of the application lists in respect of the Public Offer, or
- within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists in respect of the Public Offer.

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- **You will not receive any allotment if:**
 - you make multiple applications or suspected multiple applications;
 - you or the person(s) for whose benefit you are applying have applied for or taken up, or indicated an interest in, or have been or will be placed or allocated with (including conditionally and/or provisionally) the Public Offer Shares and the Placing Shares;
 - your Application Form is not completed correctly in accordance with the instructions as stated on the Application Form (if you apply by an Application Form);
 - your payment is not made correctly;
 - you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;
 - any of the Underwriting Agreements does not become unconditional in accordance with its terms or is terminated in accordance with its terms;
 - our Company or the Sole Lead Manager (on behalf of our Company) believe(s) that the acceptance of your application would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed or your address appearing on the Application Form is located; or
 - your application is for more than 100% of the Public Offer Shares initially available for subscription under the Public Offer.

12. REFUND OF APPLICATION MONIES

If you do not receive any Public Offer Shares for any reason, our Company will refund your application monies, including brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of dispatch of refund cheques payment instructions will be retained for the benefit of our Company.

If your application is accepted only in part, our Company will refund the appropriate portion of your application monies, including brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK\$0.60 per Public Offer Share, appropriate refund payments, including brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the paragraph headed "Despatch/collection of share certificates and refund of application monies" in this section.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

In the contingency situation involving a substantial over-subscription, at the discretion of our Company and the Sole Lead Manager, cheques for applications for certain small denominations of Public Offer Shares on Application Forms (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Wednesday, 14 December 2016, in accordance with the various arrangements as described in this section.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one share certificate for all the Public Offer Shares issued to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Public Offer Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- for applications on **WHITE** Application Forms: (i) share certificate(s) for all Public Offer Shares applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Public Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applications on **YELLOW** Application Forms; share certificates for the Public Offer Shares successfully applied for will be deposited into CCASS as described below); and/or
- for applications on **WHITE** or **YELLOW** Application Forms, all refunds will be made by cheques crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful, or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum Offer Price per Public Offer Share paid on application in the event that the Offer Price is less than the Offer Price per Public Offer Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number or passport number, or, if you are joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, where applicable. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number or passport number for encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number or passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the Offer Price per Public Offer Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms and share certificates for wholly and partially successful applicants under **WHITE** Application Forms are expected to be posted on or around Wednesday, 14 December 2016. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates for the Public Offer Shares will only become valid certificates of title at 8:00 a.m. on Thursday, 15 December 2016 provided that the Share Offer has become unconditional in all respects and the right of termination described in the section headed “Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination” in this prospectus has not been exercised.

(a) If you apply using a WHITE Application Form:

If you apply for 1,000,000 Public Offer Shares or more and have indicated your intention in your **WHITE** Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person from Boardroom Share Registrars (HK) Limited and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from the Hong Kong Branch Share Registrar from 9:00 a.m. to 1:00 p.m. on Wednesday, 14 December 2016 or such other date as notified by our Company as the date of collection/dispatch of share certificates, refund cheques payment instructions.

If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares or if you apply for 1,000,000 Public Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, 14 December 2016, by ordinary post and at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(b) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for Public Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you on your Application Form on Wednesday, 14 December 2016, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Public Offer Shares credited to the stock account of your designated CCASS Participant (Other than a CCASS Investor Participant), you can check the number of Public Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Public Offer on Wednesday, 14 December 2016. You should check the announcement published by our Company and report any discrepancies to HKSCC or HKSCC Nominees before 5:00 p.m. on Wednesday, 14 December 2016 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

(c) If you apply via electronic application instruction to HKSCC:

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 14 December 2016, or, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in “Publication of results” above on Wednesday, 14 December 2016. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 14 December 2016 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Wednesday, 14 December 2016. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 14 December 2016.

14. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares of the Stock Exchange or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

15. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on Thursday, 15 December 2016.

The Shares will be traded in board lots of 5,000 Shares each. The stock code for our Shares is 8062.

16. PERSONAL DATA

The main provisions of the Personal Data (Privacy) Ordinance (the “Ordinance”) came into effect in Hong Kong 20 December 1996. The Personal Information Collection Statement below informs the applicant for and holder of the Shares of the policies and practices of our Company and the Hong Kong Branch Share Registrar in relation to personal data and the Ordinance.

(a) Reasons for the collection of your personal data

From time to time it is necessary for applicants for securities or registered holders of securities to supply their latest correct personal data to our Company and the Hong Kong Branch Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the Hong Kong Branch Share Registrar.

Failure to supply the requested data may result in your application for securities being rejected or in delay or inability of the Hong Kong Branch Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Public Offer Shares which you have successfully applied for and/or the despatch of share certificate(s), and/or the despatch of refund cheque(s) to which you are entitled.

It is important that holders of securities inform our Company and the Hong Kong Branch Share Registrar immediately of any inaccuracies in the personal data supplied.

(b) Purposes

The personal data of the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and refund cheque/e-refund payment instructions, where applicable, and verification of compliance with the terms and application procedures set out on the Application Forms and this prospectus and announcing results of allocations of the Public Offer Shares;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of holders of securities including, where applicable, in the name of HKSCC Nominees;
- maintaining or updating the registers of holders of securities of our Company;
- conducting or assisting to conduct signature verifications, any other verification or exchange of information;
- establishing benefit entitlements of holders of securities of our Company, such as dividends, rights issues and bonus issues, etc;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and shareholder profiles;
- making disclosures as required by laws, rules or regulations;
- disclosing identities of successful applicants by way of press announcement(s) or otherwise;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Branch Share Registrar to discharge their obligations to holders of securities and/or regulators and any other purpose to which the holders of securities may from time to time agree.

(c) Transfer of personal data

Personal data held by our Company and the Hong Kong Branch Share Registrar relating to the holders of securities will be kept confidential but our Company and the Hong Kong Branch Share Registrar may, to the extent necessary for achieving the above purposes or any of them, make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the holders of securities to, from or with any and all of the following persons and entities:

- our Company or its appointed agents such as financial advisers, receiving bankers and our Company's overseas principal share registrar;
- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Public Offer Shares to be deposited into CCASS);

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- any agent, contractor or third-party service provider who offer administrative, telecommunications, computer, payment or other services to our Company and/or the Hong Kong Branch Share Registrar in connection with the operation of their respective businesses;
- the Stock Exchange, the SFC and any other statutory, regulatory or governmental bodies in Hong Kong or elsewhere; and
- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers, etc.

(d) Access to and correction of personal data

The Ordinance provides the holders of securities with rights to ascertain whether our Company or the Hong Kong Branch Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. In accordance with the Ordinance, our Company and the Hong Kong Branch Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and the kinds of data held should be addressed to our Company for the attention of our Company secretary or (as the case may be) the Hong Kong Branch Share Registrar for the attention of the Privacy Compliance Officer for the purposes of the Ordinance.

The following is the text of a report, prepared and addressed to the directors of the Company and to the Sole Sponsor, received from our Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong for the purpose of incorporation in this prospectus.

Deloitte.**德勤**

德勤•關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

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

5 December 2016

The Directors
EFT Solutions Holdings Limited

Lego Corporate Finance Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) relating to EFT Solutions Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the two years ended 31 March 2016 and the four months ended 31 July 2016 (the “Track Record Period”) for inclusion in the prospectus of the Company dated 5 December 2016 in connection with the proposed initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Prospectus”).

The Company, which acts as an investment holding 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. Pursuant to a group reorganisation, as more fully explained in the section headed “History, Development and Reorganisation” to the Prospectus (the “Group Reorganisation”), the Company became the holding company of the companies now comprising the Group on 20 June 2016.

All the companies now comprising the Group have adopted 31 March as their financial year end date. At the date of this report, the Company has direct and indirect interests in the following subsidiaries comprising the Group:

Name of subsidiaries	Place of incorporation and operation	Date of incorporation	Issued and fully paid-up share capital	Attributable equity interest held by the Group			Principal activities	
				At 31 March 2015	At 31 July 2016	At date of this report		
EFT Solutions International Limited* (“EFT Solutions International”)	British Virgin Islands (“BVI”)	27 May 2016	US\$1	N/A	N/A	100%	100%	Investment holding

Name of subsidiaries	Place of incorporation and operation	Date of incorporation	Issued and fully paid-up share capital	Attributable equity interest held by the Group				Principal activities
				At 31 March 2015	At 31 July 2016	At 31 July 2016	At date of this report	
EFT Solutions Limited ("EFT")	Hong Kong	11 February 2004	HK\$100	100%	100%	100%	100%	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

* EFT Solutions International is a directly held subsidiary of the Company.

No statutory financial statements have been prepared for the Company and EFT Solutions International since their respective dates of incorporation as they were incorporated in jurisdictions where there are no statutory audit requirements.

The statutory financial statements of EFT for each of the years ended 31 March 2015 and 2016 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited by the certified public accountants set out below:

Name of subsidiary	Financial periods	Name of auditors
EFT	Year ended 31 March 2015	FTO CPA Limited Certified Public Accountants
	Year ended 31 March 2016	Deloitte Touche Tohmatsu, Certified Public Accountants

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Track Record Period in accordance with accounting policies which conform with HKFRSs (the "Underlying Financial Statements"). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and carried out procedures which we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Track Record Period as set out in this report has been prepared from the Underlying Financial Statements on the basis of presentation set out in Note 2 to Section A below. No adjustments are considered necessary to adjust the Underlying Financial Statements in the preparation of this report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Note 2 to Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the consolidated financial position of the Group as at 31 March 2015 and 2016 and 31 July 2016 and the financial position of the Company as at 31 July 2016, and of the consolidated financial performance and consolidated cash flows of the Group for the Track Record Period.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the four months ended 31 July 2015 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "Interim Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We have conducted our review of the Interim Financial Information 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. Our review of the Interim 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 on the Interim Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 March		Four months ended 31 July	
		2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 <i>(Unaudited)</i>	2016 HK\$'000
Revenue	6	35,208	45,986	21,348	16,667
Cost of goods sold and services		<u>(20,996)</u>	<u>(25,285)</u>	<u>(9,670)</u>	<u>(9,086)</u>
Gross profit		14,212	20,701	11,678	7,581
Other income	8	185	203	68	45
Other losses	9	(480)	(71)	(67)	(9)
Administrative expenses		(2,138)	(3,499)	(913)	(1,803)
Listing expenses		–	(973)	–	(6,592)
Finance cost	10	<u>(222)</u>	<u>(235)</u>	<u>(81)</u>	<u>(134)</u>
Profit (loss) before tax		11,557	16,126	10,685	(912)
Income tax expense	11	<u>(1,883)</u>	<u>(2,828)</u>	<u>(1,763)</u>	<u>(937)</u>
Profit (loss) and total comprehensive income (expense) for the year/period	12	<u>9,674</u>	<u>13,298</u>	<u>8,922</u>	<u>(1,849)</u>
Earnings (loss) per share – Basic (HK cents)	15	<u>2.52</u>	<u>3.46</u>	<u>2.32</u>	<u>(0.48)</u>

STATEMENTS OF FINANCIAL POSITION

		The Group		As at	The Company
	NOTES	As at 31 March 2015	As at 31 March 2016	31 July 2016	As at 31 July 2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	16	920	1,250	1,141	–
Investment in a subsidiary	17	–	–	–	10,228
Investment in an associate	18	–	–	–	–
Rental deposits	20	–	186	246	–
Amount due from a director	21(a)	6,804	–	–	–
		<u>7,724</u>	<u>1,436</u>	<u>1,387</u>	<u>10,228</u>
CURRENT ASSETS					
Inventories	19	285	–	940	–
Trade and other receivables	20	7,074	11,566	12,379	2,204
Amount due from a director	21(a)	1,106	6,537	505	147
Amounts due from related companies	21(b)	6,747	2,203	702	–
Bank balances and cash	22	2,595	4,163	2,830	–
		<u>17,807</u>	<u>24,469</u>	<u>17,356</u>	<u>2,351</u>
CURRENT LIABILITIES					
Trade and other payables	23	743	1,106	4,591	601
Amount due to a director	21(c)	–	–	178	–
Amount due to a subsidiary	33	–	–	–	4,020
Bank borrowings – due within one year	24	9,887	8,972	2,824	–
Tax payable		1,814	4,542	1,714	–
		<u>12,444</u>	<u>14,620</u>	<u>9,307</u>	<u>4,621</u>
NET CURRENT ASSETS (LIABILITIES)					
		<u>5,363</u>	<u>9,849</u>	<u>8,049</u>	<u>(2,270)</u>
NET ASSETS					
		<u>13,087</u>	<u>11,285</u>	<u>9,436</u>	<u>7,958</u>
CAPITAL AND RESERVES					
Share capital	25	–	–	–	–
Share premium and reserves	34	13,087	11,285	9,436	7,958
		<u>13,087</u>	<u>11,285</u>	<u>9,436</u>	<u>7,958</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i> <i>(Note)</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2014	–	–	–	3,413	3,413
Profit and total comprehensive income for the year	–	–	–	9,674	9,674
At 31 March 2015	–	–	–	13,087	13,087
Profit and total comprehensive income for the year	–	–	–	13,298	13,298
Dividends (<i>Note 14</i>)	–	–	–	(15,100)	(15,100)
At 31 March 2016	–	–	–	11,285	11,285
Loss and total comprehensive expense for the period	–	–	–	(1,849)	(1,849)
Effect of group reorganisation (<i>Note</i>)	–	10,228	(10,228)	–	–
At 31 July 2016	–	10,228	(10,228)	9,436	9,436
(Unaudited)					
At 1 April 2015	–	–	–	13,087	13,087
Profit and total comprehensive income for the period	–	–	–	8,922	8,922
At 31 July 2015	–	–	–	22,009	22,009

Note: Special reserve represents the difference between the entire issued shares of EFT acquired by the Group amounting to HK\$100 and the consideration for acquiring EFT by EFT Solutions International amounting to HK\$10,228,000 pursuant to the Group Reorganisation completed on 20 June 2016.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March		Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
OPERATING ACTIVITIES				
Profit (loss) before tax	11,557	16,126	10,685	(912)
Adjustments for:				
Depreciation of property, plant and equipment	344	638	137	258
Loss on written-off of property, plant and equipment	420	–	–	–
Bank interest income	–	(1)	–	–
Interest income from a director	(125)	(142)	(48)	(20)
Finance cost	222	235	81	134
Operating cash flows before movements in working capital	12,418	16,856	10,855	(540)
Decrease (increase) in inventories	3,224	285	285	(940)
(Increase) decrease in trade and other receivables	(3,521)	(3,924)	(820)	927
Increase in amount due to a director	–	–	–	178
Increase in amounts due from related companies	(2,800)	(1,395)	–	(692)
(Decrease) increase in trade and other payables	(230)	363	1,117	3,485
Cash generated from operations	9,091	12,185	11,437	2,418
Income taxes paid	(79)	(100)	–	(3,765)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	9,012	12,085	11,437	(1,347)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,200)	(968)	(17)	(149)
Bank interest income	–	1	–	–
Advances to a director	(11,408)	(6,142)	(4,954)	(404)
Repayment from a director	3,623	372	139	125
Advances to related companies	(2,848)	(2,916)	(837)	(10)
Repayment from related companies	521	1,040	45	2,203
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(11,312)	(8,613)	(5,624)	1,765
FINANCING ACTIVITIES				
Proceeds from bank borrowings	11,644	–	–	3,765
Repayment to a director	(6,098)	–	–	–
Repayment of bank borrowings	(1,757)	(915)	(304)	(3,582)
Interest paid on bank borrowings	(222)	(235)	(81)	(134)
Deferred listing expenses paid	–	(754)	–	(1,800)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	3,567	(1,904)	(385)	(1,751)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,267	1,568	5,428	(1,333)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	1,328	2,595	2,595	4,163
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, representing bank balances and cash	2,595	4,163	8,023	2,830

NOTES TO THE FINANCIAL INFORMATION**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, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is located at Unit B1 & B3, 11th Floor, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in sourcing of 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 BVI. Its ultimate controlling party is Mr. Lo Chun Kit, Andrew ("Mr. Lo" or the "Controlling Shareholder").

The Financial Information is presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and its subsidiaries.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Prior to the Group Reorganisation, EFT was solely owned by Mr. Lo. In preparation for the listing of the Company's shares on the Growth Enterprise Market of the Stock Exchange (the "Listing"), the Group underwent the following reorganisation steps:

- (1) On 24 May 2016, LCK was incorporated as limited liability company in the BVI. On the same day, Mr. Lo subscribed for one ordinary share of LCK at the subscription price of US\$1.
- (2) On 26 May 2016, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with authorised share capital comprised of 38,000,000 shares at par value of HK\$0.01 per share. Upon the incorporation of the Company, one ordinary share in the Company, credited as fully paid, was allotted and issued to an initial subscriber at the subscription price of HK\$0.01 on 26 May 2016. On the same day, such ordinary share was transferred to LCK and a further 99 ordinary shares in the Company, credited as fully paid, were allotted and issued to LCK.
- (3) On 27 May 2016, EFT Solutions International was incorporated as limited liability company in the BVI. On the same day, EFT Solutions International allotted and issued one share to the Company as the initial subscriber share at the subscription price of US\$1.
- (4) On 17 June 2016, EFT disposed of its 49% equity interest in Shopplus EFT Limited ("Shopplus") to Media Express Technology Limited, which held 51% of the entire issued share capital in Shopplus, in consideration of HK\$49.
- (5) Transfer of Mr. Lo's entire interest in issued share capital of EFT to EFT Solutions International pursuant to a share transfer agreement dated 20 June 2016, in consideration for the Company's agreement of allotting and issuing of 900 shares to LCK.

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

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period have been prepared to present the results, changes of equity and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the Track Record Period. The consolidated statements of financial position of the Group as at 31 March 2015 and 2016 are prepared to present the assets and liabilities of the companies now comprising the Group using existing carrying values, as if the current group structure had been in existence at those dates, taken into account the respective dates of incorporation.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently applied the HKFRSs that are effective for the Group's annual financial periods beginning on 1 April 2016 throughout the Track Record Period.

At the date of this report, the following new standards and amendments which may be relevant to the Group have been issued but are not yet effective. The Group has not early applied these standards and amendments.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ³
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 15	Clarifications to HKFRS 15 <i>Revenue from Contracts with Customers</i> ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 7	Disclosure Initiative ⁴
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁴

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after 1 January 2017

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.

The management of the Group is in the process of making an assessment of the potential impact of the application of HKFRS 15. Based on the preliminary assessment made by the management of the Group, the adoption of HKFRS 15 in the future is not expected to have material impact on the Financial Information of the Group.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As set out in Note 30, total operating lease commitment of the Group in respect of leased premises as at 31 July 2016 amounted to HK\$3,936,000. The management of the Group will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

The management of the Group anticipates that the application of the other new standards and amendments will have no material impact on the Financial Information of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Information has been prepared on the historical cost basis, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

Investments in subsidiaries

Investments in subsidiaries included in the Company's statement of financial position are stated at cost less any identified impairment loss.

The result of the subsidiaries are accounted for on the basis of dividend received and receivable during the Track Record Period.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in this Financial Information using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. The difference between the carrying amount of the associate at the date the equity method was discontinued, and any proceeds from disposing of the interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Financial Information only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and returns.

The Group's turnover includes revenues from sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services.

Sourcing of EFT-POS terminals and peripheral devices

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

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

Provision of services***(i) EFT-POS system support services***

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

(ii) Software solution services

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

Borrowing costs

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of a group entity, transactions in currencies other than the entity's functional currency (foreign currency) are recognised at the rates of exchange prevailing at the dates of the transactions.

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

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme, which is a defined contribution plan, are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

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

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

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

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

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

Current and deferred tax is recognised in profit or loss.

Property, plant and equipment

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

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

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

Impairment losses of assets (other than financial assets)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When

it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sales.

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to receive cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, amount due to a director and a subsidiary and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 4, the management of the Group is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Estimated impairment of trade receivables

Where there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of trade receivables as at 31 March 2015 and 2016 and 31 July 2016 was approximately HK\$6,782,000, HK\$8,730,000 and HK\$9,994,000 respectively.

6. REVENUE

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

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Sourcing of EFT-POS terminals and peripheral devices	14,008	20,599	13,222	7,621
EFT-POS system support services	19,860	24,408	8,119	7,986
Software solution services	1,340	979	7	1,060
	35,208	45,986	21,348	16,667

7. SEGMENT INFORMATION

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

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

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

For the year ended 31 March 2015, other than the revenue analysis by major service lines as disclosed in Note 6, no operating results and other discrete financial information related to the respective service lines are prepared regularly for internal reporting to CODM for resources allocation and performance assessment. The management of the Group reviews the profit after tax of the Group for the purposes of resources allocation and performance assessment during the year ended 31 March 2015. The operations of the Group represent a single operating and reportable segment.

During the year ended 31 March 2016 and four months ended 31 July 2016, segment information relating to the sale of hardware devices and system support and software solution services of the Group have been provided separately to the CODM for the purposes of resource allocation and performance assessment. Consequently, segment information of these two reportable and operating segments have been presented for the years ended 31 March 2015 and 2016 and four months ended 31 July 2015 and 2016.

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

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

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

Year ended 31 March 2015

	Sale of hardware devices HK\$'000	System support and software solution services HK\$'000	Consolidated HK\$'000
Segment revenue – external customers	14,008	21,200	35,208
Segment results	<u>5,858</u>	<u>8,248</u>	14,106
Other income			185
Finance cost			(222)
Unallocated expenses			<u>(2,512)</u>
Profit before tax			<u><u>11,557</u></u>

Year ended 31 March 2016

	Sale of hardware devices <i>HK\$'000</i>	System support and software solution services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue – external customers	20,599	25,387	45,986
Segment results	<u>10,726</u>	<u>9,820</u>	20,546
Other income			203
Finance cost			(235)
Unallocated expenses			<u>(4,388)</u>
Profit before tax			<u>16,126</u>

Four months ended 31 July 2015

	Sale of hardware devices <i>HK\$'000</i> <i>(Unaudited)</i>	System support and software solution services <i>HK\$'000</i> <i>(Unaudited)</i>	Consolidated <i>HK\$'000</i> <i>(Unaudited)</i>
Segment revenue – external customers	13,222	8,126	21,348
Segment results	<u>8,059</u>	<u>3,516</u>	11,575
Other income			68
Finance cost			(81)
Unallocated expenses			<u>(877)</u>
Profit before tax			<u>10,685</u>

Four months ended 31 July 2016

	Sale of hardware devices <i>HK\$'000</i>	System support and software solution services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue – external customers	7,621	9,046	16,667
Segment results	<u>3,759</u>	<u>3,806</u>	7,565
Other income			45
Finance cost			(134)
Unallocated expenses			<u>(8,388)</u>
Loss before tax			<u>(912)</u>

Segment results represent the profit earned by each segment without allocation of other income, finance cost, central administrative costs and other unallocated expenses including depreciation expenses, listing expenses and director's 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:

	As at 31 March		As at
	2015	2016	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets			
Sale of hardware devices	4,462	3,519	4,194
System support and software solution services	5,463	5,211	7,407
	<u>9,925</u>	<u>8,730</u>	<u>11,601</u>
Total segment assets			
Unallocated assets:			
Property, plant and equipment	920	1,250	1,141
Prepayment and deposits	292	3,022	2,631
Amount due from a director	7,910	6,537	505
Amounts due from related companies	3,889	2,203	35
Bank balances and cash	2,595	4,163	2,830
	<u>25,531</u>	<u>25,905</u>	<u>18,743</u>
Consolidated assets			
Segment liabilities			
Sale of hardware devices	–	–	5
System support and software solution services	265	116	408
	<u>265</u>	<u>116</u>	<u>413</u>
Total segment liabilities			
Unallocated liabilities:			
Other payables and accrued expenses	478	990	4,178
Amount due to a director	–	–	178
Bank borrowings	9,887	8,972	2,824
Tax payable	1,814	4,542	1,714
	<u>12,444</u>	<u>14,620</u>	<u>9,307</u>
Consolidated liabilities			

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, prepayment and deposits, amount due from a director, certain amounts due from related companies 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, amount due to a director and tax payable that are not attributable to respective segment.

Revenue by products/services

Other than the analysis of the Group's revenue set out above, further information about the Group's revenue by products or services is not available and the cost to develop it would be excessive.

Geographical information***Non-current assets by geographical location***

The Group's operations are solely based in Hong Kong and all its non-current assets as at 31 March 2015 and 2016 and 31 July 2016 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:

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Hong Kong	28,916	33,299	10,823	14,280
Australia	5,153	8,502	8,502	2,387
Macau	1,139	4,185	2,023	–
	<u>35,208</u>	<u>45,986</u>	<u>21,348</u>	<u>16,667</u>

Information about major customers

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

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Customer A from system support and software solution services segment	11,763	13,329	4,558	4,396
Customer B from sale of hardware devices segment	5,153	8,502	8,502	2,387
Customer C from system support and software solution services segment	3,731	4,620	N/A ¹	N/A ¹
Customer D from sale of hardware devices segment, and system support and software solution services segment	N/A ²	N/A ²	N/A ²	1,721
	<u>N/A²</u>	<u>N/A²</u>	<u>N/A²</u>	<u>1,721</u>

¹ The corresponding revenue did not contribute over 10% of the total sales of the Group for the four months ended 31 July 2015 and 2016.

² The corresponding revenue did not contribute over 10% of the total sales of the Group for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2015.

8. OTHER INCOME

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Interest income from a director (note)	125	142	48	20
Management income from a related company	60	60	20	20
Bank interest income	–	1	–	–
Rental income from a related company	–	–	–	5
	185	203	68	45
	185	203	68	45

Note: For the years ended 31 March 2015 and 2016 and four months ended 31 July 2015 and 2016, interest in relation to the Mortgage Arrangement (as defined in Note 23) amounting to approximately HK\$125,000, HK\$142,000, HK\$48,000 (unaudited) and HK\$20,000 respectively were charged to Mr. Lo. Such interest income has been recognised by the Group as other income and the related bank interest expense is recorded in finance cost (see Note 10).

9. OTHER LOSSES

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Net exchange losses	60	71	67	9
Loss on written-off of property, plant and equipment	420	–	–	–
	480	71	67	9
	480	71	67	9

10. FINANCE COST

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Interest on bank borrowings	222	235	81	134
	222	235	81	134

11. INCOME TAX EXPENSE

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Current tax:				
Hong Kong Profits Tax	1,883	2,828	1,763	937
	1,883	2,828	1,763	937

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 the Track Record Period.

The income tax expense for the Track Record Period can be reconciled to the profit (loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March		Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
Profit (loss) before tax	<u>11,557</u>	<u>16,126</u>	<u>10,685</u>	<u>(912)</u>
Tax at the Hong Kong Profits Tax rate of 16.5%	1,907	2,661	1,763	(150)
Tax effect of income not taxable for tax purpose	(98)	–	–	–
Tax effect of expenses not deductible for tax purpose	71	163	1	1,088
Tax effect of deductible temporary differences not recognised	23	7	14	25
Others	<u>(20)</u>	<u>(3)</u>	<u>(15)</u>	<u>(26)</u>
Income tax expense for the year/period	<u>1,883</u>	<u>2,828</u>	<u>1,763</u>	<u>937</u>

12. PROFIT (LOSS) FOR THE YEAR/PERIOD

	Year ended 31 March		Four months ended 31 July	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
Profit (loss) for the year/period has been arrived at after charging:				
Director's remuneration (<i>Note 13</i>)	540	961	306	438
Other staff costs				
– salaries and allowances	8,860	10,319	3,084	3,775
– discretionary bonus	708	804	–	–
– retirement benefits scheme contribution	<u>415</u>	<u>472</u>	<u>134</u>	<u>176</u>
Total director and other staff costs	<u>10,523</u>	<u>12,556</u>	<u>3,524</u>	<u>4,389</u>
Auditor's remuneration	72	200	–	–
Cost of inventories recognised as expense	7,929	9,553	5,099	3,810
Depreciation of property, plant and equipment	<u>344</u>	<u>638</u>	<u>137</u>	<u>258</u>

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

Directors' and chief executive's emoluments

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

Year ended 31 March 2015

	Salaries and allowances HK\$'000	Discretionary bonus* HK\$'000	Retirement benefits scheme contribution HK\$'000	Total HK\$'000
Mr. Lo	240	–	12	252
Mr. Lo Chun Wa	240	35	13	288
	<u>480</u>	<u>35</u>	<u>25</u>	<u>540</u>

Year ended 31 March 2016

	Salaries and allowances HK\$'000	Discretionary bonus* HK\$'000	Retirement benefits scheme contribution HK\$'000	Total HK\$'000
Mr. Lo	600	–	18	618
Mr. Lo Chun Wa	294	35	14	343
	<u>894</u>	<u>35</u>	<u>32</u>	<u>961</u>

Four months ended 31 July 2015

	Salaries and allowances HK\$'000 (Unaudited)	Discretionary bonus* HK\$'000 (Unaudited)	Retirement benefits scheme contribution HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Mr. Lo	200	–	6	206
Mr. Lo Chun Wa	95	–	5	100
	<u>295</u>	<u>–</u>	<u>11</u>	<u>306</u>

Four months ended 31 July 2016

	Salaries and allowances HK\$'000	Discretionary bonus* HK\$'000	Retirement benefits scheme contribution HK\$'000	Total HK\$'000
Mr. Lo	320	–	6	326
Mr. Lo Chun Wa	107	–	5	112
	<u>427</u>	<u>–</u>	<u>11</u>	<u>438</u>

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

The executive directors' emoluments shown above were for their services in connection with the management of affairs of the Group.

Employees' remuneration

The five highest paid individuals with the highest emoluments in the Group include two, two, two (unaudited) and one directors for the years ended 31 March 2015 and 2016 and for the four months ended 31 July 2015 and 2016 respectively, details of their emoluments are set out in the disclosure above. The remunerations for the remaining three, three, three (unaudited) and four individuals for the years ended 31 March 2015 and 2016 and for the four months ended 31 July 2015 and 2016 respectively, are as follows:

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Salaries and allowances	863	868	341	650
Discretionary bonus	132	100	–	–
Retirement benefits scheme contribution	43	42	15	24
	1,038	1,010	356	674
	1,038	1,010	356	674

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

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	No. of employees	No. of employees	No. of employees	No. of employees
	<i>(Unaudited)</i>			
Nil to HK\$1,000,000	3	3	3	4
	3	3	3	4

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

14. DIVIDENDS

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Dividends recognised as distribution for the year/period	–	15,100	–	–
	–	15,100	–	–

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 HK\$7,285,000 and HK\$7,815,000 (see Notes 21(a) and 21(b)(iv)), 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 this report.

15. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the Track Record Period is based on the following data:

	Year ended 31 March		Four months ended 31 July	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> <i>(unaudited)</i>	2016 <i>HK\$'000</i>
Earnings (loss)				
Earnings (loss) for the purpose of basic earnings (loss) per share	9,674	13,298	8,922	(1,849)
	<u>9,674</u>	<u>13,298</u>	<u>8,922</u>	<u>(1,849)</u>
	Year ended 31 March		Four months ended 31 July	
	2015 <i>'000</i>	2016 <i>'000</i>	2015 <i>'000</i> <i>(unaudited)</i>	2016 <i>'000</i>
Number of shares				
Number of shares for the purpose of basic earnings (loss) per share	384,000	384,000	384,000	384,000
	<u>384,000</u>	<u>384,000</u>	<u>384,000</u>	<u>384,000</u>

The number of ordinary shares for the purpose of calculating basic earnings (loss) per share has been determined based on the assumption that the Group Reorganisation and capitalisation issue (as detailed in section C "Subsequent events" below) are deemed to be effective on 1 April 2014.

No diluted earnings (loss) per share was presented as there was no potential ordinary shares in issue during the Track Record Period.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furnitures and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST				
At 1 April 2014	673	173	169	1,015
Additions	1,007	95	98	1,200
Write-off	(673)	(173)	–	(846)
	<u>1,007</u>	<u>95</u>	<u>267</u>	<u>1,369</u>
At 31 March 2015	1,007	95	267	1,369
Additions	401	80	487	968
	<u>1,408</u>	<u>175</u>	<u>754</u>	<u>2,337</u>
At 31 March 2016	1,408	175	754	2,337
Additions	61	39	49	149
	<u>1,469</u>	<u>214</u>	<u>803</u>	<u>2,486</u>
At 31 July 2016	1,469	214	803	2,486

	Leasehold improvements <i>HK\$'000</i>	Furnitures and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
ACCUMULATED DEPRECIATION				
At 1 April 2014	313	113	105	531
Provided for the year	280	13	51	344
Eliminated on write-off	(313)	(113)	–	(426)
	<u>280</u>	<u>13</u>	<u>156</u>	<u>449</u>
At 31 March 2015	280	13	156	449
Provided for the year	516	26	96	638
	<u>796</u>	<u>39</u>	<u>252</u>	<u>1,087</u>
At 31 March 2016	796	39	252	1,087
Provided for the period	178	14	66	258
	<u>974</u>	<u>53</u>	<u>318</u>	<u>1,345</u>
At 31 July 2016	<u>974</u>	<u>53</u>	<u>318</u>	<u>1,345</u>
CARRYING VALUES				
At 31 March 2015	<u>727</u>	<u>82</u>	<u>111</u>	<u>920</u>
At 31 March 2016	<u>612</u>	<u>136</u>	<u>502</u>	<u>1,250</u>
At 31 July 2016	<u>495</u>	<u>161</u>	<u>485</u>	<u>1,141</u>

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

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

17. INVESTMENT IN A SUBSIDIARY

THE COMPANY

	As at 31 July 2016
	<i>HK\$'000</i>
Cost of investment in a subsidiary	<u>10,228</u>

18. INVESTMENT IN AN ASSOCIATE

	As at 31 March		As at
	2015	2016	31 July
	HK\$'000	HK\$'000	2016
Unlisted shares, at cost	—	—	—

As at 31 March 2015 and 2016, the Group had interest in the following associate:

Name	Place of incorporation and operation	Percentage of interest in ownership held by the Group		As at 31 July 2016	At date of this report	Principal activities
		As at 31 March 2015	2016			
Shopplus	Hong Kong	49%	49%	—	—	Inactive

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

19. INVENTORIES

	As at 31 March		As at 31 July
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Finished goods	285	—	940

20. TRADE AND OTHER RECEIVABLES

THE GROUP

	As at 31 March		As at 31 July
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Current assets			
Trade receivables	6,782	8,730	9,994
Rental deposits paid to the Lo's Family (as defined in Note 24)	186	—	—
Prepayment and other deposits	106	2,576	368
Deferred listing expenses	—	260	2,017
Total	<u>7,074</u>	<u>11,566</u>	<u>12,379</u>
Non-current asset			
Rental deposits paid to the Lo's Family	<u>—</u>	<u>186</u>	<u>246</u>

The Group allows credit period of 30 days to certain of 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:

	As at 31 March		As at 31 July
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	2,177	4,153	3,973
31 – 60 days	3,205	3,543	2,052
61 – 90 days	371	221	1,786
91 – 180 days	1,029	734	2,183
Over 365 days	–	79	–
	<u>6,782</u>	<u>8,730</u>	<u>9,994</u>

Included in the Group's trade receivables balance are debtors as at 31 March 2015 and 2016 and 31 July 2016 with an aggregate carrying amount of approximately HK\$4,605,000, HK\$4,577,000 and HK\$6,021,000 respectively 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 as assessed by the Group.

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

	As at 31 March		As at 31 July
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Overdue:			
1 – 30 days	3,205	3,543	2,052
31 – 60 days	371	221	1,786
61 – 90 days	–	539	373
91 – 180 days	1,029	195	1,810
Over 365 days	–	79	–
	<u>4,605</u>	<u>4,577</u>	<u>6,021</u>

THE COMPANY

	As at 31 July
	2016
	HK\$'000
Prepayment	187
Deferred listing expenses	<u>2,017</u>
	<u>2,204</u>

21. AMOUNTS DUE FROM A DIRECTOR AND RELATED COMPANIES

(a) Amount due from a director

THE GROUP

	As at			Maximum amounts outstanding during the year/period ended			
	1 April 2014 HK\$'000	As at 31 March 2015 HK\$'000	2016 HK\$'000	As at 31 July 2016 HK\$'000	31 March 2015 HK\$'000	2016 HK\$'000	31 July 2016 HK\$'000
Mr. Lo (<i>note i</i>)	–	7,910	6,537	505	9,090	14,194	6,556
Classified as:							
– Non-current	–	6,804	–	–			
– Current	–	1,106	6,537	505			

THE COMPANY

	As at 31 July 2016 HK\$'000	Maximum amounts outstanding during the period ended 31 July 2016 HK\$'000
Mr. Lo (<i>note ii</i>)	147	147

Notes:

- (i) The amount is non-trade nature, unsecured and repayable on demand. Carrying amount of HK\$6,804,000, HK\$6,389,000 and Nil as at 31 March 2015 and 2016 and 31 July 2016 respectively is interest-bearing whilst the remaining amount is interest-free. At 31 March 2015, the outstanding amount was not expected to be repaid within one year, therefore the balance was classified as non-current asset. During the year ended 31 March 2016, EFT declared dividend of HK\$15,100,000 of which HK\$7,285,000 was distributed in form of distribution in specie of receivable from a director to its then shareholder, Mr. Lo. The management of the Group expects that the outstanding amount as at 31 July 2016 will be fully settled upon listing on the Stock Exchange.
- (ii) The amount is non-trade nature, unsecured and repayable on demand.

(b) Amounts due from related companies

Amounts due from related companies are as follows:

	As at 31 March 2015 HK\$'000	2016 HK\$'000	As at 31 July 2016 HK\$'000
Amounts due from related companies			
EFT Payments (Asia) Limited (<i>notes (i) & (iv)</i>)	4,628	2,203	702
Affinity Corporation Limited (“Affinity”) (<i>notes (ii) & (iv)</i>)	958	–	–
EFT Payments (China) Limited (<i>notes (ii) & (iv)</i>)	286	–	–
ATA Solutions Limited (<i>notes (ii) & (iv)</i>)	250	–	–
Paxex International Limited (<i>notes (ii) & (iv)</i>)	81	–	–
廣州依付得信息科技有限公司 (<i>notes (iii) & (iv)</i>)	544	–	–
	6,747	2,203	702

Amounts due from related companies controlled by Mr. Lo in non-trade nature:

	As at			Maximum amounts outstanding during the year/period ended			
	1 April	As at 31 March		31 July	31 March		31 July
	2014	2015	2016	2016	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
EFT Payments (Asia)							
Limited	57	2,254	2,203	10	2,254	4,014	2,203
Affinity	958	958	–	–	958	958	–
EFT Payments							
(China) Limited	286	286	–	–	286	286	–

EFT Payments (Asia) Limited, Affinity, EFT Payments (China) Limited and 廣州依付得信息科技有限公司 are wholly-owned by Mr. Lo, while Mr. Lo has 50% and 25% equity interest in ATA Solutions Limited and Paxex International Limited respectively. Other than ATA Solutions Limited and Paxex International Limited that Mr. Lo has joint control and significant influence respectively, Mr. Lo exhibits control on the entities abovementioned, hence, these entities are related companies of the Group.

Notes:

- i. As at 31 March 2015 and 2016 and 31 July 2016, amounts of approximately HK\$2,374,000, Nil and HK\$692,000 respectively included in the balance are trade nature, unsecured, interest free and with credit terms of 30 days. The entire trade balance as at 31 March 2015 aged 181 – 365 days which was overdue and has been subsequently settled. Amount of HK\$577,000 as at 31 July 2016 aged within 30 days while the remaining balance amounting of HK\$115,000 aged 31-120 days. The remaining balances are non-trade nature, unsecured, interest free and repayable on demand.
- ii. The amount is non-trade nature, unsecured, interest free and repayable on demand.
- iii. The amount is of trade nature, unsecured, interest free and with credit term of 30 days. The trade balance as at 31 March 2015 aged 181 – 365 days which was overdue and has been subsequently settled.
- iv. During the year ended 31 March 2016, EFT declared dividend of HK\$15,100,000 of which HK\$7,815,000 was distributed in form of distribution in specie of receivables from related companies to its then shareholder, Mr. Lo (see Note 14).

(c) **Amount due to a director**

The amount is unsecured, interest-free and repayable on demand.

22. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates at 0.01% per annum as at 31 March 2015 and 2016 and 31 July 2016.

23. TRADE AND OTHER PAYABLES

THE GROUP

	As at 31 March		As at 31 July
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Trade payables	97	37	189
Deferred revenue	168	79	117
Other payables and accrued expenses	478	990	4,285
	<u>743</u>	<u>1,106</u>	<u>4,591</u>

The 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:

	As at 31 March		As at 31 July
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	97	37	80
31 – 60 days	–	–	45
61 – 90 days	–	–	50
Over 90 days	–	–	14
	<u>97</u>	<u>37</u>	<u>189</u>

THE COMPANY

	As at 31 July
	2016
	HK\$'000
Other payable	<u>601</u>

24. BANK BORROWINGS

	As at 31 March		As at 31 July
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Bank borrowings, secured and guaranteed with variable interest rates	<u>9,887</u>	<u>8,972</u>	<u>2,824</u>
Carrying amount repayable (according to scheduled repayment term):			
– Within one year	914	923	2,824
– More than one year, but not exceeding two years	923	932	–
– More than two years, but not exceeding five years	2,824	2,852	–
– More than five years	5,226	4,265	–
	<u>9,887</u>	<u>8,972</u>	<u>2,824</u>
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	<u>9,887</u>	<u>8,972</u>	<u>2,824</u>

Details of guarantee provided in connection to the bank borrowings are set out in Note 32.

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

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

	As at 31 March 2015	2016	As at 31 July 2016
Effective interest rate (per annum):			
Variable-rate borrowings	<u>2.14% to 3.24%</u>	<u>2.13% to 3.23%</u>	<u>2.94%</u>

In May 2014, Mr. Lo and his spouse, Lam Ching Man ("Ms. Lam") (collectively referred as the "Lo's Family"), have purchased three industrial properties located in Hong Kong on their own with the intent of using these properties as the office premises of the Group. At the same time, the Lo's Family has entered into an arrangement with the Group, in which the Group raised mortgage loans with principal amounts of HK\$7,144,000 from a bank in Hong Kong to finance the purchase of these industrial properties, while Mr. Lo agreed with the Group himself to bear the principal of the same amount and the relevant interest (collectively referred to as the "Mortgage Arrangement") and included in the amount due from Mr. Lo set out in Note 21(a). Under the Mortgage Arrangement, the Group makes monthly repayment on the mortgage loan and pays the relevant interest expenses. The outstanding balance of these bank borrowings as at 31 March 2015 and 2016 are HK\$6,804,000 and HK\$6,389,000 respectively. On 5 May 2016, the Group agreed with the bank to terminate the mortgages as mentioned above. The Mortgage Arrangement has been ceased and the mortgage loans have been taken up by the Lo's Family. The outstanding balance of the mortgage loans of HK\$6,331,000 was netted off against the amount due from a director without actual cash transfer.

The remaining outstanding bank borrowings of HK\$3,083,000 and HK\$2,583,000 as at 31 March 2015 and 2016, respectively, represent term loans borrowed by the Group for its operation. Such term loans together with the above-mentioned mortgage loans are secured by the above mentioned three industrial properties owned by the Lo's Family and are guaranteed by the Lo's Family and Affinity (see Note 32). These term loans were fully paid during the period ended 31 July 2016.

In April 2016, the Group has drawn a loan for tax purpose (the "Tax Loan") with principal amount of approximately HK\$3,765,000. The carrying amount of the Tax Loan as at 31 July 2016 is approximately HK\$2,824,000. The Tax Loan is guaranteed by Mr. Lo and secured by one of the properties which is owned by Mr. Lo and such security will be released upon successful listing of the Company's shares on the Stock Exchange and replaced by the corporate guarantee by the Company.

25. SHARE CAPITAL

Share capital of the Group as at 1 April 2014, 31 March 2015 and 2016 represented the issued share capital of EFT with carrying amount of HK\$100.

Upon completion of the Group Reorganisation, the share capital of the Group as at 31 July 2016 represented the issued share capital of the Company with carrying amount of HK\$10.

The movements in the Company's authorised and issued ordinary share capital are as follows:

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
On date of incorporation on 26 May 2016 and at 31 July 2016	<u>38,000,000</u>	<u>380,000</u>
Issued:		
1 share allotted and issued upon incorporation	1	–
Issue of shares on 26 May 2016 pursuant to the Group Reorganisation	99	1
Issue of shares on 20 June 2016 pursuant to the Group Reorganisation	<u>900</u>	<u>9</u>
At 31 July 2016	<u>1,000</u>	<u>10</u>

26. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes bank borrowings, as disclosed in Note 24, net of cash and cash equivalents and equity.

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

27. FINANCIAL INSTRUMENTS**a. Categories of financial instruments****The Group**

	As at 31 March		As at 31 July
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets			
Loans and receivables (including cash and cash equivalents)	<u>24,034</u>	<u>21,633</u>	<u>14,031</u>
Financial liabilities			
Amortised cost	<u>9,984</u>	<u>9,288</u>	<u>6,730</u>

The Company

	As at 31 July
	2016
	<i>HK\$'000</i>
Financial assets	
Loans and receivables (including cash and cash equivalents)	<u>147</u>
Financial liabilities	
Amortised cost	<u>4,621</u>

b. Financial risk management objectives and policies

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

Market risks

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

(i) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to variable-rate amount due from a director, bank borrowings and bank balances. The Group currently does not enter into any hedging instrument for cash flow interest rate risk. However, the Group monitors interest rate risk exposure and will consider hedging significant interest rate risk should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of BLR and HIBOR of relevant banks arising from the Group's Hong Kong dollars denominated borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings and amount due from a director at the end of the reporting period. The analysis is prepared assuming amounts of these financial instruments outstanding at the end of the reporting period were outstanding for the whole year/period. A 50 basis points increase or decrease represents management's assessment on the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for variable rate bank borrowings and amount due from a director, with all other variables held constant, the Group's post-tax profit for the years ended 31 March 2015 and 2016 would decrease/increase by approximately HK\$13,000 and HK\$11,000, respectively, while the Group's post-tax loss for the four months ended 31 July 2016 would increase/decrease by approximately HK\$4,000.

No sensitivity analysis of bank balances of the Group is presented as all bank balances carry interest rate at 0.01% per annum.

(ii) Foreign currency risk

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

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

	As at 31 March 2015		As at 31 March 2016		As at 31 July 2016	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
United States						
Dollar						
("US\$")	2,181	–	393	–	562	–
	<u>2,181</u>	<u>–</u>	<u>393</u>	<u>–</u>	<u>562</u>	<u>–</u>

Sensitivity analysis

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

Liquidity risk

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

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

The Group	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<u>As at 31 March 2015</u>				
Non-derivative financial liabilities				
Trade payable	–	97	97	97
Bank borrowings	2.49	9,887	9,887	9,887
Financial guarantee contract	–	6,918	6,918	–
		<u>16,902</u>	<u>16,902</u>	<u>9,984</u>
<u>As at 31 March 2016</u>				
Non-derivative financial liabilities				
Trade and other payables	–	316	316	316
Bank borrowings	2.47	8,972	8,972	8,972
Financial guarantee contract	–	6,918	6,918	–
		<u>16,206</u>	<u>16,206</u>	<u>9,288</u>
<u>As at 31 July 2016</u>				
Non-derivative financial liabilities				
Trade and other payables	–	3,728	3,728	3,728
Amount due to a director	–	178	178	178
Bank borrowings	2.94	2,824	2,824	2,824
		<u>6,730</u>	<u>6,730</u>	<u>6,730</u>

The financial liabilities of the Company are repayable on demand as at 31 July 2016.

The amount included above for financial guarantee contract is the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate

is subject to change depending on the changes of the fair value on the pledged property and the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2015 and 2016 and 31 July 2016, the aggregate carrying amounts of these bank borrowings amounted to HK\$9,887,000, HK\$8,972,000 and HK\$2,824,000, respectively. Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the bank will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

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

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank borrowings with repayment on demand clause							
As at 31 March 2015	2.49	1,149	1,132	3,299	5,721	11,301	9,887
As at 31 March 2016	2.47	1,132	1,116	3,251	4,654	10,153	8,972
As at 31 July 2016	2.94	2,859	–	–	–	2,859	2,824

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets are the carrying amount of those assets as stated in the consolidated statements of financial position and the amount of contingent liabilities in relation to a cross guarantee issued by the Group as disclosed in Note 29.

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

The Group has concentration of credit risk on its trade receivables as 46%, 24% and 33% of such receivables as at 31 March 2015 and 2016 and 31 July 2016, respectively, are due from the Group's largest debtor, which is mainly engaged in the manufacturing and sales of EFT-POS terminals. In respect of this customer, given its good repayment history, the management considers that the credit risk associated with the balance of this customer is low. The Group is also exposed to concentration of credit risk on amounts due from a director and related companies with details set out in Note 21. Other than the above, the Group does not have other significant concentration of credit risk.

The credit risk on liquid funds is limited because the counterparty is a bank with good reputation.

In relation to the Group providing a cross guarantee to a related company to secure obligation of the related company for the repayment of its mortgage loans, if there is a default in repayment, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interests and penalties owed by the related company to the bank. However, the bank is able to take over the ownership of the relevant pledged property and sell the property to recover the outstanding mortgage principal together with the accrued interest and penalty. In this regard, the management of the Group consider that the Group's credit risk on such guarantee is significantly reduced. Detailed disclosure of such guarantee has been made in Note 29.

c. Fair value measurements of financial instruments

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

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the Financial Information approximate their fair values.

28. NON-CASH TRANSACTION

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

As set out in Note 24, during the period ended 31 July 2016, the outstanding balance of the mortgage loans of HK\$6,331,000 was transferred to Mr. Lo and net off against the amount due from a director.

29. CONTINGENT LIABILITIES

During the year ended 31 March 2015, the Group entered into a cross guarantee agreement with a bank to provide corporate guarantee amounting to approximately HK\$6,918,000 with respect to banking facilities granted to Affinity. As at 31 March 2015 and 2016, the total amount of banking facilities utilised by Affinity of which guarantee was provided by the Group was approximately Nil and, HK\$2,443,000 respectively. The utilised banking facilities of HK\$2,443,000 as at 31 March 2016 represent a mortgage loan borrowed by Affinity for a property owned by the Lo's Family in June 2015. Such mortgage loan was taken up by Mr. Lo and hence, the guarantee provided by the Group to Affinity also ceased as at 31 July 2016.

In the opinion of the management of the Group, the possibility of default by Affinity is remote and, in case of default in payments, the net realisable value of the pledged property can recover the repayment of the outstanding mortgage principal together with the accrued interest and penalty. Accordingly, no provision has been made in the Financial Information for the guarantee.

30. COMMITMENTS

Operating lease

The Group as lessee

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Minimum lease payments under operating leases during the year/period in respect of premises	922	1,326	426	492

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

	As at 31 March		As at 31 July
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Within one year	–	1,116	1,476
In two to three years	–	2,046	2,460
	–	3,162	3,936

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

The Group as lessor

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

	As at 31 March		As at
	2015	2016	31 July
	HK\$'000	HK\$'000	2016
	HK\$'000	HK\$'000	HK\$'000
Within one year	–	–	62
In two to three years	–	–	104
	–	–	166

31. EMPLOYEE BENEFITS

The Group participates in Mandatory Provident Fund Scheme ("MPF Scheme") for all of its qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. For members of the MPF Scheme, the Group contribute 5% each of relevant payroll costs to the MPF Scheme, subject to a maximum contribution of HK\$1,500 (HK\$1,250 before June 2014), which contribution is matched by the employee. During the years ended 31 March 2015 and 2016 and four months ended 31 July 2015 and 2016, the retirement benefits scheme contribution arising from the MPF Scheme charged to profit or loss were approximately HK\$440,000, HK\$504,000, HK\$145,000 (unaudited) and HK\$187,000, respectively.

32. RELATED PARTY TRANSACTIONS

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The accounting treatment of each of the related party transactions depends on the nature of the transaction and follows the respective accounting policies as disclosed in Note 4.

Apart from details of the balances with related parties disclosed in the statements of financial position and other details disclosed elsewhere in the Financial Information, the Group also entered into the following significant transactions with related parties during the Track Record Period:

Name of related party	Nature of transactions	Year ended 31 March		Four months ended 31 July	
		2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
				<i>(Unaudited)</i>	
EFT Payments (Asia) Limited	Sourcing of EFT-POS terminals and peripheral devices	2,224	1,129	–	1,402
	EFT-POS system support services	90	266	44	169
	Management income	60	60	20	20
	Rental income	–	–	–	5
Paxex International Limited	Sourcing of EFT-POS terminals and peripheral devices	118	–	–	–
廣州依付得信息科技有限公司	Sourcing of EFT-POS terminals and peripheral devices	544	–	–	–
Affinity	EFT-POS system support services and sourcing of peripheral devices	287	–	–	–
Mr. Lo	Interest income	125	142	48	20
Mr. Lo	Rental expense	714	897	318	324

Name of related party	Nature of transactions	Year ended 31 March		Four months ended 31 July	
		2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
				<i>(Unaudited)</i>	
Ms. Lam	Rental expense	135	324	108	108
Mr. Lo Chun Wa (<i>Note</i>)	Rental expense	–	105	–	60

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

In addition to the above, the bank borrowings with carrying amount of approximately HK\$9,887,000, HK\$8,972,000 (*Note* 24) as at 31 March 2015 and 2016, respectively, are wholly guaranteed by the Lo's Family and Affinity, and are secured by several properties owned by the Lo's Family. Such guarantees and pledge of properties have been transferred to the Lo's Family upon cessation of the Mortgage Arrangement. As at 31 July 2016, bank borrowing with carrying amount of HK\$2,824,000 is wholly guaranteed by Mr. Lo and is secured by a property owned by Mr. Lo.

Compensation of key management personnel

Key management personnel include directors of the Company, and their compensation during the Track Record Period is set out in *Note* 13.

33. AMOUNT DUE TO A SUBSIDIARY

The amount is unsecured, interest-free and repayable on demand.

34. RESERVE OF THE COMPANY

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Issue of shares	10,228	–	10,228
Loss and total comprehensive expense for the period	–	(2,270)	(2,270)
At 31 July 2016	10,228	(2,270)	7,958

B. DIRECTORS' EMOLUMENTS

Under the arrangement presently in force, the emoluments of the directors of the Company for the year ending 31 March 2017, excluding discretionary bonus and share options, if any, is estimated to be approximately HK\$1,330,000.

C. SUBSEQUENT EVENTS

The following transactions took place subsequent to 31 July 2016:

On 23 November 2016, written resolutions of the sole shareholder of the Company was passed to approve the matters set out in the paragraph headed "Written resolutions of the sole shareholder passed on 23 November 2016" in Appendix IV of the Prospectus. It was resolved, among other things:

- (1) the authorised share capital of the Company was increased from HK\$380,000 to HK\$7,800,000 by the creation of an additional of 742,000,000 shares of HK\$0.01 each;

- (2) conditionally adopted a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company's shares. No share option has been granted since the adoption of the scheme. The principal terms of the share option scheme are summarised in the section headed "Share Option Scheme" in Appendix IV to the Prospectus; and
- (3) conditional on the share premium account of the Company being credited as a result of the 96,000,000 new shares being offered for subscription, the directors of the Company were authorised to capitalise an amount of HK\$3,839,990 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 383,999,000 shares for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on the business day immediately preceding the listing date in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in the Company, each ranking *pari passu* in all respects with the then existing issued shares.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or its subsidiaries in respect of any period subsequent to 31 July 2016.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountants' Report on our financial information for the Track Record Period prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included in this prospectus for information only.

The unaudited pro forma financial information should be read in conjunction with the "Financial Information" in this prospectus and the "Accountants' Report" set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 7.31(1) of the GEM Listing Rules is set out below to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of the Group as if the Share Offer had taken place on 31 July 2016.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the net tangible assets of the Group as at 31 July 2016 or any future dates following the Share Offer.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the audited consolidated net tangible assets of the Group as at 31 July 2016 as shown in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of the Group as at 31 July 2016 <i>HK\$'000</i> <i>Note 1</i>	Estimated net proceeds from the Share Offer <i>HK\$'000</i> <i>Note 2</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share <i>HK\$</i> <i>Note 3</i>
Based on a minimum Offer Price of HK\$0.40 per Offer Share	<u>9,436</u>	<u>26,971</u>	<u>36,407</u>	<u>0.08</u>
Based on a maximum Offer Price of HK\$0.60 per Offer Share	<u>9,436</u>	<u>45,211</u>	<u>54,647</u>	<u>0.11</u>

Notes:

- (1) The amount of audited consolidated net tangible assets of the Group as at 31 July 2016 amounting to approximately HK\$9,436,000 is extracted from the Accountants' Report of the Group set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 96,000,000 New Shares to be issued at a minimum Offer Price of HK\$0.40 per Offer Share or a maximum Offer Price of HK\$0.60 per Offer Share, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred and borne by the Group subsequent to 31 July 2016. It does not take into account of any shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any shares which may be issued or repurchased by the Company pursuant to the Company's general mandate.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is arrived at on the basis of 480,000,000 Shares in total, assuming that the Share Offer of 96,000,000 New Shares and the shares to be issued pursuant to the Capitalisation Issue had been completed on 31 July 2016. It does not take into account of any shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any shares which may be issued or repurchased by the Company pursuant to the Company's general mandate.
- (4) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 July 2016.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of EFT Solutions Holdings Limited**

We have completed our assurance engagement to report on the compilation of 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 statement of adjusted consolidated net tangible assets as at 31 July 2016 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 5 December 2016 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited by way of public offer and placing (the "Share Offer") on the Group's financial position as at 31 July 2016 as if the Share Offer had taken place at 31 July 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for each of the two years ended 31 March 2016 and the four months ended 31 July 2016, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities 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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") 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 Reviews 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 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 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 unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 July 2016 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 event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited 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 event or transaction 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 purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
5 December 2016

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 26 May 2016 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association ("**Memorandum**") and its Amended and Restated Articles of Association ("**Articles**").

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 23 November 2016. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting,

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY
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but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise

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agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

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The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

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The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

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A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(c) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(d) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(e) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

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At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

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Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise

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the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(f) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and

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elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

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Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(h) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

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(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(k) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 26 May 2016 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

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Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

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A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company;
or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 28 June 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

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(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

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The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, our Company's legal adviser on Cayman Islands law, has sent to our Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 26 May 2016. Our Company has established its head office and principal place of business in Hong Kong at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong and was registered as a registered non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 15 July 2016. Mr. Lo has been appointed as the authorised representative of our Company for the acceptance of service of process and notice on behalf of our Company. The address for service of process on our Company in Hong Kong is the same as the address of the head office and principal place of business in Hong Kong.

As our Company is incorporated in the Cayman Islands, we operate subject to the Companies Law and its constitution, which comprises the Memorandum and the Articles. A summary of various parts of the constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

The following changes in the share capital of our Company had taken place since the date of incorporation and up to the Latest Practicable Date:

- (a) on 26 May 2016, our Company was incorporated in the Cayman Islands with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued as fully paid at par to Reid Services Limited, being an Independent Third Party, and the Share was then transferred to LCK Group on the same day. Further, ninety-nine Shares were allotted and issued as fully paid at par to LCK Group on the same day. Upon completion of such allotment, LCK Group held all the Shares, representing the entire issued share capital of our Company;
- (b) on 20 June 2016, Mr. Lo, EFT Solutions International and our Company entered into a sale and purchase agreement, pursuant to which Mr. Lo agreed to sell, and EFT Solutions International agreed to purchase, 100 shares of EFT Solutions (representing the entire issued capital of EFT Solutions) in consideration for our Company's agreement to allot and issue 900 Shares, credited as fully paid at par, to LCK Group. On 20 June 2016, 900 Shares were allotted and issued to LCK Group as fully paid at par;
- (c) on 23 November 2016, the authorised share capital of our Company was increased from HK\$380,000 to HK\$7,800,000 by the creation of an additional 742,000,000 Shares pursuant to the written resolutions passed by the then sole Shareholder referred to in the sub-section headed "A. Further information about our Group – 5. Written resolutions of the sole Shareholder passed on 23 November 2016" in this appendix to this prospectus.

Immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be issued upon exercise of any option that may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK\$7,800,000 divided into 780,000,000 Shares and the issued share capital of our Company will be HK\$4,800,000 divided into 480,000,000 Shares, fully paid or credited as fully paid, with 300,000,000 Shares remaining unissued.

Other than pursuant to the general mandate to allot and issue Shares referred to in the sub-section headed “A. Further information about our Group – 5. Written resolutions of the sole Shareholder passed on 23 November 2016” in this appendix to this prospectus, our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in the section headed “History, development and Reorganisation” in this prospectus, there has been no alteration in the share capital of our Company since its incorporation.

3. Corporate Reorganisation

In order to rationalise our corporate structure in preparation for the Listing, our Group underwent the Reorganisation. For further details, please refer to the sub-section headed “History, development and Reorganisation – Reorganisation” in this prospectus.

4. Changes in share capital of our subsidiaries

Our Company’s subsidiaries are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed “History, development and Reorganisation” in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within two years immediately prior to the date of this prospectus.

5. Written resolutions of the sole Shareholder passed on 23 November 2016

The following written resolutions were passed by the sole Shareholder on 23 November 2016:

- (a) our Company approved and adopted the Memorandum and the Articles which will come into effect upon Listing, the terms of which are summarised in Appendix III to this prospectus;
- (b) the authorised share capital of our Company was increased from HK\$380,000 to HK\$7,800,000 by the creation of an additional of 742,000,000 Shares, all of which shall rank *pari passu* in all respects with the existing Shares;

- (c) conditional upon (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (ii) the Offer Price having been determined; (iii) the execution and delivery of the Underwriting Agreements; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
- (i) the Share Offer was approved and our Directors were authorised to (1) approve to allot and issue the Offer Shares subject to the terms and conditions stated in this prospectus; (2) implement the Share Offer and the Listing; and (3) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
- (ii) the rules of the Share Option Scheme were approved and adopted, and our Directors or any committee thereof established by the Board were authorised, at their sole discretion, to: (i) administer the Share Option Scheme; (ii) modify/amend the rules of the Share Option Scheme from time to time as such modification/amendments may be acceptable or not objected by, nor required to be approved by the Shareholders under applicable laws, rules and regulations, including the rules of the Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with the Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be allotted and issued pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme; and
- (iii) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares of the Share Offer, our Directors were authorised to capitalise HK\$3,839,990 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 383,999,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on the business day immediately preceding the Listing Date in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then existing holdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution should rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;

- (d) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares (including the power to make or grant an offer or agreement, or grant securities or options which would or might require Shares to be allotted and issued), otherwise than by way of rights issue, or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or pursuant to the issue of Shares upon the exercise of any subscription or conversion rights attached to any warrants of our Company (if any) or pursuant to the exercise of options which may be granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to directors and/or officers and/or employees of our Company and/or any of its subsidiaries or rights to acquire Shares or pursuant to a specific authority granted by the Shareholders in general meeting, the Shares with an aggregate number not exceeding 20% of the aggregate number of Shares in issue and to be issued immediately following completion of the Share Offer but excluding any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within which the next annual general meeting of our Company is required by the articles of association of our Company or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by the Shareholders in general meeting of our Company varying or revoking the authority given to our Directors, whichever occurs first.

For the purpose of above paragraph, “**Rights Issue**” means an offer of Shares in the capital of our Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares in the capital of our Company open for a period fixed by our Directors to holders of shares in our Company on our Company’s register of members on a fixed record date in proportion to their then holdings of shares in our Company (subject to such exclusion or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to our Company, or any recognised regulatory body or any stock exchange applicable to our Company);

- (e) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate number not exceeding 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer but excluding any Shares which may be issued upon the exercise of the options that may be granted

under the Share Option Scheme until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association of our Company or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by the Shareholders in general meeting of our Company varying or revoking the authority given to our Directors, whichever occurs first; and

- (f) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (d) above by the addition to the aggregate number of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate number of the share capital of our Company repurchased by our Company pursuant to paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate number of Shares in issue immediately following the Share Offer but excluding any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within which the next annual general meeting of our Company is required by the articles of association of our Company or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by the Shareholders in general meeting of our Company varying or revoking the authority given to our Directors, whichever occurs first, be and is hereby approved.

6. Repurchase of our Shares

This paragraph contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions. Such restrictions include:

(i) Shareholders' approval

All proposed repurchases of Shares must be approved in advance by an ordinary resolution of the Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed on 23 November 2016 by the sole Shareholder, a general unconditional mandate (the “Repurchase Mandate”) was granted to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate number not exceeding 10% of the aggregate number of Shares in issue or to be issued immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the options that may be granted under the Share Option Scheme), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable laws or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of the then Shareholders in general meeting, whichever occurs first.

(ii) Core connected persons

The GEM Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a “core connected person”, that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or his or her close associates and a core connected person shall not knowingly sell his securities to such company.

(iii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum, the Articles, the GEM Listing Rules and the Companies Law. A listed company is prohibited from repurchasing its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Under the laws of the Cayman Islands, any repurchase by our Company may be made out of profits or share premium of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of the profits of our Company or from sums standing the credit of the share premium account of our Company or, subject to the Companies Law, out of capital.

(iv) Status of repurchased Shares

The listing of all repurchased Shares (whether offered on the Stock Exchange or otherwise) on GEM will automatically be cancelled and the certificates for those Shares shall be cancelled and destroyed.

(v) Trading restrictions

The total number of shares which a listed company may repurchase on GEM is the number of shares representing up to a maximum of 10% of the aggregate number of shares of that company in issue. A company may not issue or announce

a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or higher than the average closing market price for the five preceding trading days on which its shares were traded on GEM. The GEM Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant minimum prescribed percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(vi) Suspension of repurchase

A listed company may not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarter-year or any other interim period (whether or not required under the GEM Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year, half-year or quarter-year under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on GEM if a listed company has breached the GEM Listing Rules.

(vii) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(b) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of our Company and our subsidiaries and/or the earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and the Shareholders.

(c) Funding of repurchase

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles, the GEM Listing Rules and the Companies Law and other applicable laws of the Cayman Islands.

The exercise in full of the Repurchase Mandate, on the basis of 480,000,000 Shares in issue immediately after the listing of the Shares, would result in up to 48,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

There might be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company and its subsidiaries or the gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company and our subsidiaries.

(d) General

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates have any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a share repurchase, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code) may obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code as a result of any such increase. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase made pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falls below 25% of the total number of Shares in issue.

Our Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

No core connected person has notified our Company that he or she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

7. Particulars of our principal subsidiary

Our Company has the following principal subsidiary incorporated in Hong Kong, the basic information of which as at the Latest Practicable Date is set out as follows:

EFT Solutions

Date of incorporation of the company	:	11 February 2004
Nature of the company	:	Private limited company
Address of registered office of the company	:	Workshops B1 & B3 11/F, Yip Fung Industrial Building 28-36 Kwai Fung Crescent Kwai Chung New Territories Hong Kong
Director of the company	:	Mr. Lo
Shareholder of the company	:	EFT Solutions International
Attributable interest of our Group	:	100%

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (i) a deed of settlement entered into between EFT Solutions and Mr. Lo on 17 June 2016 with the purposes to effectuate or complete the payment of interim dividend declared by EFT Solutions on 29 February 2016;
- (ii) a sale and purchase agreement entered into among our Company, Mr. Lo and EFT Solutions International on 20 June 2016, pursuant to which Mr. Lo agreed to transfer all the issued shares of EFT Solutions to EFT Solutions International in consideration of and in exchange for our Company's agreement of allotting and issuing 900 Shares, credited as fully paid, to LCK Group in value of HK\$10,228,401;
- (iii) the Deed of Non-Competition;
- (iv) the Deed of Indemnity; and
- (v) the Public Offer Underwriting Agreement.

2. Intellectual property rights of our Group**(a) Trademarks**

As at the Latest Practicable Date, our Group had applied for registration of the following trademarks which, in the opinion of our Directors, are material to our business:

Trademark	Class	Application No.	Application Date	Place of Application
* <i>EFT Solutions</i>	9, 36, 37, 38, 42	303679831	4 February 2016	Hong Kong
* <i>EFT Solutions</i>	9 36 37 38 42	Pending Pending Pending Pending Pending	26 February 2016	PRC

* Trademark being applied for in colour

(b) Domain names

As at the Latest Practicable Date, our Group had registered and maintained the following domain names which are material to our business:

Domain Name	Registration Date	Expiry Date	Registrant
eftsolutions.com	12 January 2016	10 July 2019	EFT Solutions
eftsolutions.com.hk	19 June 2008	30 June 2020	EFT Solutions

C. DISCLOSURE OF INTERESTS**1. Interests and short positions of our Directors and chief executive in the shares, underlying shares or debentures of our Company and its associated corporations**

Immediately following completion of the Share Offer and the Capitalisation Issue, based on the information available on the Latest Practicable Date, the interests or short positions of our Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

Name	Capacity	Number of Shares¹ upon Listing	Percentage of shareholding upon Listing
Mr. Lo ²	Interest in controlled corporation	360,000,000	75%
Ms. Lam ³	Interest of spouse	360,000,000	75%

Notes:

- All interests stated are long positions.
- Mr. Lo is interested in the entire issued share capital of LCK Group and he is therefore deemed to be interested in the Shares held by LCK Group by virtue of the SFO.
- Ms. Lam is the spouse of Mr. Lo and she is therefore deemed to be interested in the Shares held by Mr. Lo by virtue of the SFO.

Save as disclosed above, based on the information available on the Latest Practicable Date, immediately following completion of the Share Offer and the Capitalisation Issue, none of our Directors or chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to our Company and the Stock Exchange once our Shares are listed.

2. Interests and short positions of substantial shareholders in the Shares or underlying shares

Information on person(s), not being Directors or chief executive of our Company, who (based on the information available on the Latest Practicable Date) will have, immediately following the Share Offer and the Capitalisation Issue, the interests or short positions in the Shares or underlying shares which will fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting Shares is set out below:

Name	Capacity	Number of Shares ¹ upon Listing	Percentage of shareholding upon Listing
LCK Group ²	Beneficial Interest	360,000,000	75%

Notes:

- All interests stated are long positions.
- The entire issued share capital of LCK Group is legally and beneficially owned by Mr. Lo, who is deemed to be interested in the Shares held by LCK Group by virtue of the SFO.

Save as set out above, based on the information available on the Latest Practicable Date, taking no account of any Shares which may be taken up under the Share Offer, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Share Offer and the Capitalisation Issue, be interested, directly or indirectly, in an interest or short position in the Shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting Shares.

3. Interests of the substantial shareholders of any member of our Group (other than our Company)

Our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Share Offer and the Capitalisation Issue, be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group (other than our Company) or any options in respect of the share capital of any member of our Group (other than our Company).

D. FURTHER INFORMATION ABOUT OUR DIRECTORS**(a) Particulars of Directors' service contracts**

Each of our executive Directors, namely Mr. Lo and Mr. Lo Chun Wa, has entered into a service agreement with our Company for an initial term of three years commencing from the Listing Date. During the initial term, either party to the service agreement shall be entitled to terminate the service agreement by serving not less than three months' written notice upon the other side.

Our non-executive Director, namely Ms. Lam, has entered into a service agreement with our Company for an initial term of three years commencing on the Listing Date. During the initial term, either party to the service agreement shall be entitled to terminate the service agreement by serving not less than three months' written notice upon the other side.

Each of our independent non-executive Directors, namely Mr. Lam Keung, Mr. Pang Victor Ho Man and Mr. Lui Hin Weng Samuel has entered into a letter of appointment with our Company for an initial term of three years commencing on the Listing Date. During the initial term, either party to the letter of appointment shall be entitled to terminate the letter of appointment by serving not less than three months' written notice upon the other side.

Each of our Directors is entitled to the respective basic salary set out below (subject to annual adjustment after consultation with remuneration committee at the discretion of our Directors, and taking no account of the discretionary bonus they may be entitled to).

Our Company shall reimburse our Directors, upon production of valid receipts and/or vouchers if requested, all necessary and reasonable expenses (including travel, hotel, meals and other out-of-pocket expenses) properly incurred by our Directors in the performance of their duties under the service agreements.

The basic annual salaries/service fees (excluding discretionary bonus) of each of our Directors under the service agreements are as follows:

Name	Annual basic salary/service fee
<i>Executive Director</i>	
Mr. Lo	HK\$1,200,000
Mr. Lo Chun Wa	HK\$456,000
<i>Non-executive Director</i>	
Ms. Lam	HK\$144,000
<i>Independent non-executive Director</i>	
Mr. Lam Keung	HK\$144,000
Mr. Pang Victor Ho Man	HK\$144,000
Mr. Lui Hin Weng Samuel	HK\$144,000

None of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(b) Directors' remuneration during the Track Record Period

Our Company's policies concerning remuneration of executive Directors are (i) the amount of remuneration is determined on the basis of the relevant Director's experience, responsibility, workload and the time devoted to our Company; and (ii) non-cash benefits may be provided to our Directors under their remuneration package.

For the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, the aggregate of the remuneration paid and benefits in kind granted to our Directors by our Company and our subsidiaries was approximately HK\$0.5 million, HK\$1.0 million and HK\$0.4 million, respectively.

Save as disclosed in the sub-section headed "Directors and senior management – Emolument of Directors and management" in this prospectus, for the years ended 31 March 2015 and 2016 and the four months ended 31 July 2016, no other emoluments have been paid or are payable by our Company to our Directors. Under the arrangements currently in force, our Company estimates that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (including fee, salaries, contributions to pension scheme and other allowances and benefits in kind) by our Company for the year ending 31 March 2017 would be approximately HK\$1.6 million.

There has been no arrangement under which a Director has waived or agreed to waive any emolument for the two years ended 31 March 2015 and 2016 and the four months ended 31 July 2016.

(c) Related party transactions

Save as disclosed in the sub-section headed “Financial information – Related party transactions” in this prospectus and Note 32 to the Accountants’ Report included in Appendix I to this prospectus, our Group had not engaged in any other material transactions with its related parties.

E. PARTICULARS OF THE SELLING SHAREHOLDER

The particulars of the Selling Shareholder are set out below:

Name of the Selling Shareholder	:	LCK Group
Date of incorporation of the Selling Shareholder	:	24 May 2016
Nature of the Selling Shareholder	:	An investment holding company incorporated in the BVI as a BVI business company on 24 May 2016 with company number 1914595
Address of registered office of the Selling Shareholder	:	Jayla Place Wickham Cay I Road Town, Tortola British Virgin Islands
Director of the Selling Shareholder	:	Mr. Lo
Shareholder of the Selling Shareholder	:	Mr. Lo
Number of Sale Shares to be offered under the Share Offer	:	24,000,000

F. DISCLAIMER

Save as aforesaid and saved as disclosed elsewhere in this prospectus:

- (i) none of our Directors has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group;
- (ii) none of our Directors or the chief executive of our Company, as at the Latest Practicable Date, had any interest or short position in any share, underlying share and debenture of our Company or any of its associated corporations (within the

meaning of the SFO), which will have to be notified to our Company and the Stock Exchange once the Shares are listed on the Stock Exchange pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed on the Stock Exchange, or which will be required, pursuant to Chapter 5 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange once the Shares are listed on the Stock Exchange;

- (iii) none of the experts referred to in the sub-section headed “G. Other information – 12. Consent of experts” of this appendix has any shareholding in any member of our Group or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save as contemplated under the Underwriting Agreements;
- (iv) none of the experts referred to in the sub-section headed “G. Other information – 12. Consent of experts” of this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (v) taking no account of Shares which may be pursuant to options which may be granted under our Share Option Scheme, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Offer, have any interest in Shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 10% or more of the issued voting Shares of any other member of our Group;
- (vi) none of our Directors nor any of the experts listed in the sub-section headed “G. Other Information – 12. Consent of Experts” of this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and
- (vii) our Directors confirm that none of our Directors, their respective close associates or Shareholders who are interested in 5% or more of the issued share capital of our Company have any interest in the five largest customers or the five largest suppliers of our Group.

G. OTHER INFORMATION

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of the sole Shareholder passed on 23 November 2016. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) have had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivating the Eligible Participants to optimise their performance and efficiency for the benefit of our Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long term growth of our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below to the following persons (the “Eligible Participants”):

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of our Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents to our Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of our Group;
 - (bb) quality of work performed for our Group;
 - (cc) initiative and commitment in performing his/her duties; and
 - (dd) length of service or contribution to our Group.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given.

Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, being 48,000,000 Shares (the “Scheme Limit”), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue (the “New Scheme Limit”) as at the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time (the “Maximum Limit”). No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of capitalisation issue, rights issue, consolidation, sub-division of shares or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option

Scheme or any other scheme of our Company but subsequently cancelled (the “Cancelled Shares”) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the GEM Listing Rules from time to time with such Eligible Participant and his/her close associates (as defined in the GEM Listing Rules, or his/her associates if the Eligible Participant is a connected person) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders’ approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine or, alternatively, documents accompanying the offer document which state, among other things:
 - (aa) the Eligible Participant’s name, address and occupation;
 - (bb) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
 - (cc) the date upon which an offer for an option must be accepted;
 - (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);
 - (ee) the number of Shares in respect of which the option is offered;
 - (ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;
 - (gg) the date of the notice given by the grantee in respect of the exercise of the option; and
 - (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

(f) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(g) Granting options to connected persons

Any grant of options to a Director, chief executive or Substantial Shareholder (as defined in the GEM Listing Rules) of our Company or any of their respective associates (as defined in the GEM Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the GEM Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the GEM Listing Rules, based on the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange at the date of each grant,

such further grant of options will be subject to the approval of the independent non-executive Directors as referred to in this paragraph, the issue of a circular by our Company and the approval of the Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the GEM Listing Rules) of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the GEM Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to the Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 23.02(2)(c) and (d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and
- (iv) the information required under Rule 2.28 of the GEM Listing Rules.

(h) Restrictions on the times of grant of options

Our Company may not grant any options after inside information has come to its knowledge until it has been announced the information pursuant to the requirements of the GEM Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of the results for any year, or half-year, or quarterly or other interim period (whether or not required under the GEM Listing Rules); and ending on the date of actual publication of the results announcement.

(i) Rights are personal to grantee

An option is personal to the grantee. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme by the Shareholders of our Company (the “Adoption Date”). Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date.

(k) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) Rights on ceasing employment/death

If the grantee of an option ceases to be an Eligible Participant:

- (i) by any reason other than death, ill-health, injury, disability or termination of his/her relationship with our Company and/or any of its subsidiaries on one or more of the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) from such cessation which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse (or such longer period as our Company may determine); or
- (ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with our Company and/or any of its subsidiaries under paragraph (m) has occurred, the grantee or his personal representative(s) may exercise the option within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Options in full (to the extent not already exercised).

(m) Rights on dismissal

If the grantee of an option ceases to be an Eligible Participant on the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty, his/her option will lapse and not be exercisable after the date of termination of his/her employment.

(n) Rights on takeover

If a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

In the event that a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid.

(p) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company no later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* and shall have the same voting, dividend, transfer and other rights (including those arising on liquidation) as are attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

(r) *Effect of alterations to capital*

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 23.03(13) of the GEM Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration provided that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) Expiry of option

An option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n);
- (iii) the date upon which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date upon which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date upon which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(t) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 23.03 of the GEM Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted;

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval

in accordance with the terms of the Share Option Scheme. The amended terms and any adjustment to be made to the exercise price of the Share Option Scheme shall still comply with Chapter 23 of the GEM Listing Rules, the supplemental guidance of 5 September 2005 and any future guidance or interpretation of the GEM Listing Rules from time to time and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

(u) Cancellation of options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event that any option is cancelled pursuant to paragraph (i).

(v) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the Listing Division granting approval to the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s) by the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within 12 calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) *Disclosure in annual and interim reports*

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the GEM Listing Rules in force from time to time.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 48,000,000 Shares in total.

2. Tax indemnity, other indemnity and estate duty

(a) *Tax indemnity*

Each of our Controlling Shareholders (the “Indemnifiers”) has, pursuant to the Deed of Indemnity, given indemnities against any depletion in or reduction in value of the respective assets of each member of our Group as a direct or indirect result or consequence of or in connection with, in relation to or arising out of any amount which any member of our Group may hereafter become liable to pay, being:

- (a) any liability for Hong Kong estate duty which is or hereafter become payable by any member of our Group under or by virtue of the provisions of section 35 and section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any similar laws and regulations of any relevant jurisdiction by reason of the death of any person and by reason of any transfer of any property to any member of our Group at any time on or before the Listing Date;
- (b) the amount of any and all Taxation (as defined in the Deed of Indemnity) falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued

or received, entered into (or deemed to be so earned, accrued or received or entered into) or occurring on or before the Listing Date whether alone or in conjunction with any other event, act, omission or circumstance against or attributable to any other person, firm or company; and

- (c) all actions claims including claims arising from building orders under the Building Ordinance (Chapter 123 of the Laws of Hong Kong) (if any) arising from the office building(s) of our Company, or any Group member, rented from the Indemnifiers and all such losses, damages and costs incurred as a result thereof;
- (d) all reasonable costs (including all legal costs on a full indemnity basis), expenses or other liabilities which any member of our Group may incur in connection with:
 - (i) the investigation, assessment or the contesting of any Taxation Claim, as defined in the Deed of Indemnity;
 - (ii) the settlement of any Taxation Claim under the Deed of Indemnity;
 - (iii) any legal proceedings in which any member of our Group claims under or in respect of the Deed of Indemnity and in which judgment is given for or against any member of our Group; or
 - (iv) the enforcement of any such settlement or judgment in respect of any legal proceedings referred to in paragraph (iii);
- (e) any actions, claims, losses, damages, costs (including legal costs on a fully indemnified basis), charges or expenses made against or suffered or incurred by our Company or any of the members of our Group in respect of or arising directly or indirectly from or on the basis of or in connection with any Taxation (as defined in the Deed of Indemnity) or Taxation Claim (as defined in the Deed of Indemnity) which is covered by the indemnities given under Clause 3 of the Deed of Indemnity.

(b) *Claims indemnity*

The Indemnifiers have given indemnities against any expenses, payments, sums, outgoings, fees, demands, actions, claims, losses, damages, costs, charges, liabilities, fines or penalties which may be made, suffered or incurred by any of them in respect of or arising directly or indirectly from any Claim, including but not limited to, all reasonable costs (including legal and other professional costs), expenses, interests, penalties, fines, charges and other liabilities which our Company and the Subsidiaries may properly incur in connection with:

- (i) the investigation, assessment or the contesting of any Claim;

- (ii) the settlement of any Claim under this Deed;
- (iii) any legal proceedings in which our Group or any member of our Group claim under or in respect of the Claim under this Deed and in which judgment is given for or against it; and
- (iv) the enforcement of any such settlement or judgment in relation to the Claim.

(c) *Reorganisation indemnity*

The Indemnifiers have given indemnities against any depletion or reduction in value of its assets or any loss (including all legal and other professional costs and suspension of operation), costs, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with the implementation of the Reorganisation.

(d) *Exceptions to indemnity*

The above indemnity in the Deed of Indemnity shall not apply in the following circumstances:

- (a) to the extent that full provision or allowance has been made for such Taxation in the audited consolidated accounts for our Company or any member of our Group as set out in Appendix I to this prospectus; or
- (b) to the extent that the liability for such Taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) other than any such act, omission or transaction carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after Listing Date, or carried out, made or entered into pursuant to a legally binding commitment created on or before the date of Listing, or any Group members cease to be a member of our Group; or
- (c) to the extent that such Taxation or liability is/are discharged by another person who is not a member of our Group and that none of the members of our Group is required to reimburse such person in respect of such Taxation; or
- (d) to the extent that any provisions or reserve made for such Taxation in the audited accounts of our Group or any member of our Group up to 31 July 2016 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Indemnifiers' liability in respect of Taxation shall not be available in respect of any such liability arising thereafter; or

- (e) to the extent that such Taxation arises or is incurred as a consequence of any change in the law having retrospective effect coming into force after the date of the Listing or to the extent that such Taxation arises or is increased by an increase in rates of Taxation after the date of this Deed with retrospective effect.

(e) *Estate duty*

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, Hong Kong, BVI and being jurisdictions in which the companies comprising our Group are incorporated.

3. Interests in competing business

None of our Directors, our Controlling Shareholders and their respective close associates of each are interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of our Group.

4. Litigation

To the best knowledge of our Directors, as at the Latest Practicable Date, neither our Company or any of our subsidiaries was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claim of material importance is known by our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our financial condition and results of operations.

5. Preliminary expenses

The preliminary expenses of our Company are approximately HK\$33,540 and have been paid by our Company.

6. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the Share Offer, the Capitalisation Issue and the exercise of the options which may be granted under the Share Option Scheme. All necessary arrangements have been made enabling such Shares to be admitted into CCASS.

7. Independence of Sole Sponsor and Sponsor's Fees

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in the GEM Listing Rules. Our Company agreed to pay the Sole Sponsor a fee of HK\$4.28 million as the sponsor to our Company for the Listing (the "Sponsor Fee"). The Sponsor Fee relates solely to services provided by the Sole Sponsor in the capacity of a sponsor.

8. No material adverse change

Our Directors confirm that, save as disclosed in the sub-section headed “Financial information – Recent development and material adverse change” in this prospectus, there has been no material adverse change in our Group’s financial or trading position since 31 July 2016 (being the date to which our Company’s latest audited consolidated financial statements were made up).

9. Promoter

Our Company has no promoter.

10. Agency fees or commissions received

Save as disclosed in this prospectus, none of our Directors or the experts named in the sub-section headed “G. Other information – 12. Consent of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

11. Qualifications of experts

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

Lego Corporate Finance Limited	Licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified public accountant
Appleby	Legal advisers of our Company as to the Cayman Companies Law
Frost & Sullivan Limited	Industry consultant

12. Consent of experts

Each of Lego Corporate Finance Limited, Deloitte Touche Tohmatsu, Appleby and Frost & Sullivan Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or the references to its name included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

13. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

14. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

15. Share register

The register of members of our Company will be maintained in Hong Kong by the Hong Kong Branch Share Registrar. Unless our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the branch registers in Hong Kong and may not be lodged in the Cayman Islands.

16. Compliance Adviser

We have appointed Lego as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules.

Further details are set out in the sub-section headed “Directors and senior management – Compliance Adviser” in this prospectus.

17. Dividend

Our Directors confirm that they are not aware of any arrangements in existence under which future dividends of our Company are to be waived or agreed to be waived.

18. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

- (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
- (iii) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares.
- (b) no founder, management or deferred shares of our Company have been issued or agreed to be issued;
- (c) no share, warrant or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (d) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (e) all necessary arrangements have been made enabling the Shares to be admitted into CCASS;
- (f) our Directors confirm that none of them shall be required to hold any shares by way of qualification and none of them has any interest in the promotion of our Company;
- (g) there has not been any interruption in the business of our Group which have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus;
- (h) save as disclosed in the sub-section headed “Financial information – Recent development and material adverse change” in this prospectus, there has been no material adverse change in the financial position or prospects of our Groups since 31 July 2016 (being the date to which the latest audited consolidated financial statements of our Group were made up);
- (i) there is no arrangement under which financial dividends are waived or agreed to be waived; and
- (j) our Group does not have any outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were the written consents referred to in the sub-section headed “G. Other Information – 12. Consent of experts” in Appendix IV to this prospectus, and copies of the material contracts referred to in the sub-section headed “B. Further information about our business – 1. Summary of material contracts” in Appendix IV to this prospectus and the statement of particulars of the Selling Shareholder.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Li & Partners at 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong during normal business hours up to and including the day that is 14 days from the date of this prospectus:

- (1) the Memorandum and the Articles of Association of our Company;
- (2) the accountants’ report of our Group for the two years ended 31 March 2016 and the four months ended 31 July 2016 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
- (3) the auditor’s reports on the financial statements underlying the financial information of our Group incorporated in the Accountants’ Report;
- (4) the report from Deloitte Touche Tohmatsu on unaudited pro forma financial information, the texts of which is set out in Appendix II to this prospectus;
- (5) the material contracts referred to in the sub-section headed “B. Further information about our business – 1. Summary of material contracts” in Appendix IV to this prospectus;
- (6) the service agreements and letters of appointment with Directors referred to in the sub-section headed “D. Further information about our Directors – (a) Particulars of Directors’ service contracts” in Appendix IV to this prospectus;
- (7) the written consents referred to in the sub-section headed “G. Other information – 12. Consent of experts” in Appendix IV to this prospectus;
- (8) the letter of advice prepared by Appleby summarising certain aspects of Companies Law referred to in Appendix III to this prospectus;

- (9) the Companies Law;
- (10) the Frost & Sullivan Report;
- (11) the terms of the Share Option Scheme; and
- (12) the statement of particulars of the Selling Shareholder.

EFT Solutions Holdings Limited
俊盟國際控股有限公司