EFT Solutions Holdings Limited

(incorporated in the Cayman Islands with limited liability)
Stock Code : 8062

Your Trustworthy Partner
in Electronic Payments

Annual Report
2019

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

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

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lo Chun Kit Andrew
(Chairman and Chief Executive Officer)
Mr. Lo Chun Wa

Non-executive Directors

Mr. Chan Lung Ming
(Ceased to be Vice Chairman and Chief Strategy Officer, and re-designated from executive Director to non-executive Director on 1 February 2019)
Ms. Lam Ching Man
Mr. Lui Hin Weng Samuel

Independent Non-executive Directors

Mr. Lam Keung *(Resigned on 26 March 2019)*
Mr. Ng Ming Fai
Dr. Wu Wing Kuen *B.B.S. (Appointed on 26 March 2019)*
Ms. Yang Eugenia

COMPLIANCE OFFICER

Mr. Lo Chun Wa

COMPANY SECRETARY

Mr. Luk Pok Yin *(Resigned on 20 February 2019)*
Ms. Fok Joyce Sing Yan *(Appointed on 20 February 2019)*

AUTHORISED REPRESENTATIVES

Mr. Lo Chun Kit Andrew
Mr. Luk Pok Yin *(Resigned on 20 February 2019)*
Ms. Fok Joyce Sing Yan *(Appointed on 20 February 2019)*

AUDIT COMMITTEE

Ms. Yang Eugenia *(Chairman)*
Mr. Lam Keung *(Resigned on 26 March 2019)*
Mr. Ng Ming Fai
Dr. Wu Wing Kuen *B.B.S. (Appointed on 26 March 2019)*

REMUNERATION COMMITTEE

Mr. Ng Ming Fai *(Chairman)*
Mr. Lo Chun Kit Andrew
Mr. Lam Keung *(Resigned on 26 March 2019)*
Dr. Wu Wing Kuen *B.B.S. (Appointed on 26 March 2019)*

NOMINATION COMMITTEE

Mr. Lo Chun Kit Andrew *(Chairman)*
Mr. Lam Keung *(Resigned on 26 March 2019)*
Mr. Ng Ming Fai
Dr. Wu Wing Kuen *B.B.S. (Appointed on 26 March 2019)*

COMPLIANCE ADVISER

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

HONG KONG LEGAL ADVISER

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

AUDITOR

Elite Partners CPA Limited
10/F, 8 Observatory Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL BANK

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point, Hong Kong

STOCK CODE

8062

COMPANY WEBSITE

www.eftsolutions.com

FINANCIAL HIGHLIGHTS

For the year ended 31 March	**2019** **HK$ million**	2018 HK$ million	+/(-)
Revenue	**132.9**	94.1	41.2%
Gross profit	**57.8**	48.8	18.4%
Operating profit	**30.6**	27.6	10.9%
Profit before tax	**20.4**	27.4	-25.5%
Profit for the year	**14.3**	21.7	-34.1%
Profit attributable to the owners of the Company	**9.7**	21.7	-55.3%

As at 31 March	**2019** **HK$ million**	2018 HK$ million	+/(-)
Total current assets	**121.3**	95.8	26.6%
Total assets	**343.6**	110.8	210.1%
Net current assets	**24.0**	71.0	-66.2%
Total equity	**108.3**	86.1	25.8%

EARNINGS PER SHARE

For the year ended 31 March	**2019** **HK cents**	2018 HK cents	+/(-)
Earnings per share for profit attributable to the owners of the Company			
– Basic	**2.03**	4.52	-55.1%
– Diluted	**2.03**	4.46	-54.5%

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of the Company, I am pleased to present the annual report of the Group for the year ended 31 March 2019.

BUSINESS REVIEW

The Group has continued to take a leading position as an innovative electronic fund transfer point-of-sales ("**EFT-POS**") solution provider focusing on sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services in Hong Kong.

We are confident in positioning ourselves as a major 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, which includes sourcing of EFT-POS terminals and peripheral devices services, as well as the development of software that comply with electronic payment standards acceptance certification, installation and ongoing maintenance and repair services of EFT-POS terminals.

The Group will continue to provide customised project-based software solution services so as to further capture the ongoing growing opportunities and expand our local market share in the EFT-POS terminal market. We will also continue to provide sourcing of EFT-POS terminals and peripheral devices services to acquirers and as well as merchants.

During the year ended 31 March 2019, the Group continued its efforts in developing the sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services and software solution services and recorded growth in revenue from sourcing of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services, while there was significant growth from software solution services.

We expect there are ample opportunities for growth in the software solution services and we aim at promoting our expertise in integration of companies' retail management with point-of-sales systems to facilitate them in meeting the demand for a cashless society.

PROSPECTS

In recent years, cashless payment is beginning to become one of the mainstream payment methods, especially among the younger generation. We are fully aware of the huge opportunities ahead of us. Quick response is needed to adapt to the fast-paced payment technology movement. During the year, our Group has assembled and organized 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 banks and renowned corporations ranging from leading railway operators to food and beverage companies. Furthermore, with the growing integration of mobile payment methods and ongoing new payment technologies, we anticipated there will be a rapid development of the mobile payment market. 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 technologies. 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. All of these provide significant opportunities for our Group to expand our market share and strengthen our market position in Hong Kong's electronic payment industry by increasing our capabilities and offering diverse and high quality services.

Looking ahead, the Group will continue to devote more resources toward strengthening our payment solution technology and software solutions. The Group will also actively pursue strategic partnerships, especially in payment solutions, creating greater value for customers and shareholders.

APPRECIATION

On behalf of the Board, I would like to express sincere gratitude to our management team and our staffs for their hard work and dedication, as well as, to the shareholders of the Company (the "**Shareholders**"), our valued customers, suppliers and business partners for their continuing trust and support throughout the year.

Lo Chun Kit Andrew
Chairman and Chief Executive Officer

Hong Kong, 14 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW, STRATEGY AND OUTLOOK

According to the statistics from the Hong Kong Monetary Authority, the total number of credit cards in circulation in Hong Kong under the credit card schemes of card scheme operators was approximately 19.46 million in the fourth quarter of 2018. The total number of credit card transactions was approximately 196.62 million and the total value of credit card transactions was approximately HK$196.9 billion, which represented an increase of 18.7% and 7.9%, respectively, as compared to the corresponding period of last year. Stored Value Facilities ("**SVF**") in Hong Kong are also blooming. The total number of SVF transactions was around 1.6 billion in the Fourth quarter of 2018, representing a 9.7% increase on a year-on-year basis.

2018 has been a flourishing year for electronic payment development in Hong Kong. The usage of electronic payments as a method of settlement is gaining momentum. The Group believes that electronic payment development in Hong Kong is on the right track and is growing at a stable pace. We expect continuing demand for our payment terminals and the related payment solutions services.

Hardware Devices

The implementation of the SVF scheme in late 2016 and the Faster Payment System in September 2018 by the Hong Kong Monetary Authority have accelerated the development of electronic payment in Hong Kong, it encourages acquirers (i.e. acquiring bank or payment processor that processes credit or debit card payments on behalf of a merchant) to better support electronic payments. The increasing popularity of integrated payment solutions in merchant business process also escalated the need for the integrated payment terminals, which support credit cards, Near Field Communication (NFC), contactless payment and e-wallet payment. By leveraging our experience in the electronic payment industry and our well-established business relationships with EFT-POS terminal and peripheral device manufacturers, we have achieved a substantial growth in revenue for the year ended 31 March 2019 and we would continue to penetrate into electronic payment market by providing suitable EFT-POS solutions to meet the demands of our customers.

System Support and Software Solutions Services

The Group continued to develop the EFT-POS system support business which included the development of software that comply with electronic payment standards acceptance certification, the installation and ongoing maintenance and repair services of EFT-POS terminals and other related services and customised project-based software solution services. For the year ended 31 March 2019, the Group successfully provided integrated payment solutions to several mass transportation service providers in Hong Kong to accept electronic payment.

As a market leader of the EFT-POS solutions provider in Hong Kong, the Group maintains its focus on strengthening its position in the industry and take initiatives to further provide business solutions to our customers. The Group entered into the provision of point-of-sale ("**POS**") software solution services in Hong Kong and the People's Republic of China ("**PRC**") through acquisition of 70% of the issued share capital of Earn World Development Limited ("**Earn World Development**"), together with its subsidiaries, ("**Earn World Group**") on 31 May 2018. The Group also entered into the provision of embedded system solution services in Australia through the subscription of shares of Newport Tek Pty Ltd ("**Newport**") on 5 April 2018, which represented 75% of Newport's shareholdings. The Group successfully acquired Earn World Group and Newport, which have expanded our business to cover POS software solutions in retail, distribution and accounting sectors and embedded system solutions in finance, transportation and manufacturing sectors. It is anticipated that by acquiring these companies would enable us to provide more variety of services to our customers and enable the Group to enlarge the market shares of software solution business in Hong Kong, and other potential geographical cities.

Overall

The Group will strive its best effort to achieve business growth and contribute our expertise to Hong Kong on its endeavour to transform itself into a smart city. The Group aims to further expand our market shares and strengthen our market position in electronic payment and software solution industries by increasing its capabilities and offering diverse and high quality one-stop integrated services.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison between the Group's business objectives as set out in the prospectus of the Company dated 5 December 2016 (the "**Prospectus**") and actual business progress as at 31 March 2019:

Business objectives	**Actual business progress as at 31 March 2019**
Expansion of information technology workforce for total EFT-POS solutions	We have recruited information technology staffs to develop software solutions for new models of EFT-POS terminals.
Expansion of information technology workforce for acquiring host software services	We have continued to search for suitable candidates to join our Company.
Expansion of our business development workforce	We have continued to search for suitable candidates to join our Company.
Enhancement of information technology and network system	We have upgraded our server to achieve higher capacity and security and purchased additional computers for new staffs.
Expansion of office space for new headcount	We have fitted our office to accommodate new headcounts.
Expansion of our product portfolio or increase our market share through potential future strategic acquisitions or arrangements	We have invested in Open Sparkz Pty Ltd ("**Open Sparkz**") to grasp the opportunity to enter into overseas software solutions business and electronic payment business. Please refer to the sub-heading "Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets" for further details.
	We have invested in Earn World Group, for the purpose of diversifying our business into providing commercial software applications and retail and distribution solutions which are suitable for global operation. Please refer to the sub-heading "Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets" for further details.
	We have invested in Newport to enter into the overseas software solutions business. Please refer to the sub-heading "Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets" for further details
	We have paid Hung Wai Holdings Limited ("**Hung Wai**") (formerly known as Hung Wai Products Limited) the deposit of HK$8.0 million as earnest money for the proposed investment. On 15 January 2019, HK$8.0 million has been returned to the Company due to termination of memorandum of understanding. Please refer to the Company's announcement dated 15 January 2019 for further details.

USE OF PROCEEDS

The total net proceeds from the Listing after deducting all related expenses was approximately HK$35.1 million, which are intended to be applied in the following manner:

- approximately HK$8.9 million, will be used to expand our information technology workforce for total EFT-POS solutions;
- approximately HK$5.4 million, will be used to expand our information technology workforce for acquiring host software services;
- approximately HK$5.4 million, will be used to expand our business development workforce;
- approximately HK$0.6 million, will be used to enhance our information technology and network system;
- approximately HK$2.0 million, will be used for property improvements to accommodate new headcount;
- approximately HK$10.0 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$2.8 million will be used to provide funding for our working capital and other general corporate purposes.

Upon receipt of the proceeds, the actual use of the proceeds by the Group as at 31 March 2019 was as follows:

- approximately HK$6.1 million has been used to expand our information technology workforce for total EFT-POS solutions;
- approximately HK$3.5 million has been used to expand our information technology workforce for acquiring host software services;
- approximately HK$3.3 million has been used to expand our business development workforce;
- approximately HK$0.6 million has been used to enhance our information technology and network system;
- approximately HK$2.0 million has been used for property improvements to accommodate new headcount;
- approximately HK$2.0 million has been used for potential future strategic acquisitions or arrangements to expand our product portfolio or increase our market share. As at 31 December 2018, the Group has used approximately HK$10.0 million for potential future strategic acquisitions or arrangements, of which HK$8.0 million was paid as earnest money for the proposed investment in Hung Wai. On 15 January 2019, HK$8.0 million has been returned to the Company due to the termination of memorandum of understanding. Please refer to the Company's announcement dated 15 January 2019 for further details; and
- approximately HK$2.8 million has been used for our working capital and other general corporate purposes.

The remaining balance is placed with a licensed bank in Hong Kong, and the Group intends to continue to apply the remaining net proceeds in accordance with the proposed applications set out above.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

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

FINANCIAL REVIEW

Revenue

During the reporting period, the Group successfully entered into the market of POS software solution and the embedded system solution services, which enable us to enlarge the market share of the software solution business and to explore more business opportunities in payment solutions. Revenue of approximately HK$94.1 million and HK$132.9 million were recognised for the years ended 31 March 2018 and 2019, respectively, which represented an increase of approximately 41.2%. This was driven by the increase in sourcing of EFT-POS terminals and peripheral devices and provision of system support and software solution services.

For sourcing of EFT-POS terminals and peripheral devices, revenue of approximately HK$31.4 million and HK$50.0 million were recognised for the years ended 31 March 2018 and 2019, respectively, which represented an increase of approximately 59.2% mainly due to increase in the number of EFT-POS terminals sold.

For provision of system support and software solution services, revenue of approximately HK$62.8 million and HK$82.9 million were recognised for the years ended 31 March 2018 and 2019, respectively, which represented an increase of approximately 32.0% mainly due to increase in number of EFT-POS terminals covered by our system support services and the increase in provision of POS software solution services.

Costs of Goods Sold and Services

Costs of goods sold and services primarily consisted of costs of inventories recognised as expense, cost of independent service providers, tools and consumables, salaries and benefits, freight and transportation, rent, local travelling and telephone and utilities expense. Costs of goods sold and services were approximately HK$45.3 million and HK$75.2 million for the years ended 31 March 2018 and 2019, respectively, which represented a significant increase of approximately 66.0% mainly due to the increase in cost of terminals and project costs.

Gross Profit and Gross Profit Margin

The overall gross profit were approximately HK$48.8 million and HK$57.8 million for the years ended 31 March 2018 and 2019, respectively, which represented an increase of approximately 18.4%. Such increase of gross profit was primarily due to the Group having more EFT-POS terminals and peripheral devices with relatively higher profit margin to customers in the current year as compared to that in the previous year. The overall gross profit margin decrease from approximately 51.9% for the year ended 31 March 2018 to approximately 43.5% for the year ended 31 March 2019. Such decrease of 8.4% was primarily due to the fact that the Group completed projects with relatively lower profit margin in the current year.

Staff Costs and directors' remuneration

Staff costs of approximately HK$29.0 million and HK$22.8 million were recorded for the years ended 31 March 2018 and 2019, respectively, which represented a decrease of approximately 21.4% due to the decrease in directors' remuneration and no share-based payment expenses in current year.

Other Administrative Expenses

Other administrative expenses (excluding staff costs and directors' remuneration) are comprised mainly of advertising, auditors' remuneration, depreciation, amortisation of intangible assets, legal and professional fees and office expenses.

Other administrative expenses for the years ended 31 March 2018 and 2019 were approximately HK$5.9 million and HK$15.4 million, respectively, which represents an increase of approximately 161.0% mainly due to the increase in legal and professional fee to cope with the needs of compliance work, increase in amortisation of intangible assets with the completion of acquisitions of Earn World Group and Newport and the increase in depreciation with the additions of office equipment and leasehold improvements and increase in advertising and promotion.

Share of Results of an Associate

As at 31 March 2019, the Group had 20.02% (2018: 21.97%) of interests in Open Sparkz. Share of results of an associate represented operating losses arising from this associate. The Group's shares of loss of an associate for the years ended 31 March 2018 and 2019 were approximately HK$0.2 million and HK$1.1 million, respectively.

Finance Costs

Finance costs mainly represented interest expenses on promissory notes and interest expenses on bank borrowings. Finance costs of approximately HK$13,000 and HK$9.1 million were recorded for the years ended 31 March 2018 and 2019, respectively. On 31 May 2018, the Group issued promissory notes of approximately HK$194.0 million which bear interest at 4% per annum as part of the consideration of acquisition of Earn World Development.

Income Tax Expense

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Tax on overseas profits in Australia and Macau has been calculated at the prevailing tax rate based on existing legislation, interpretations and practices in respect thereof.

No provision for the PRC corporate income tax has been made as the Group did not generate any taxable profits in the PRC for the years ended 31 March 2018 and 2019. 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.

Profit for the Year

The Group recorded profit for the year of approximately HK$21.7 million and HK$14.3 million for the years ended 31 March 2018 and 2019, respectively. Such decrease was mainly due to increase of the finance costs of issuance of promissory notes, other administrative expenses, and fair value change in financial asset at fair value through profit or loss.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

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

The Group has remained at a sound financial resource level. As at 31 March 2019, the Group had net current assets of approximately HK$24.0 million (2018: approximately HK$71.0 million) including cash and cash equivalents of approximately HK$38.2 million as at 31 March 2019 (2018: approximately HK$22.6 million).

As at 31 March 2019, the gearing ratio (calculated on the basis of total bank borrowings and promissory notes divided by the total equity as at the end of the year) of the Group was approximately 197.1% (2018: approximately 5.8%). Details of the borrowings of the Group is disclosed in Note 25 to the consolidated financial statements.

PLEDGE OF ASSETS

As at 31 March 2019, the Group did not have any pledged assets (2018: nil).

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2019, the Group had contracted capital commitment for the acquisition of a subsidiary, Earn World Development, of approximately HK$210.0 million. Up to the date of this report, the Group has paid HK$9.6 million for the acquisition. Please refer to the section headed "Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets" in this report for further details. Save as disclosed above, the Group did not have any significant capital commitments (2018: HK$210.0 million).

As at 31 March 2019, the Group did not have any significant capital expenditures (2018: nil).

As at 31 March 2019, the Group did not have any significant contingent liabilities (2018: nil).

CAPITAL STRUCTURE

As at 31 March 2019, the Group had promissory notes of approximately HK$200.2 million (2018: nil) and bank borrowings of approximately HK$13.3 million (2018: approximately HK$5.0 million). The bank borrowings were for tax and import trade purpose and unsecured.

Save as disclosed above, there has been no change in the Company's capital structure during the year ended 31 March 2019. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

SEGMENTAL INFORMATION

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group employed 74 (2018: 68) full time employees (including Directors). We determine the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND CAPITAL ASSETS

On 22 November 2017, the Group entered into a subscription agreement with Open Sparkz to subscribe for the subscription shares, which represents 25% of the enlarged issued share capital of Open Sparkz at the consideration of AUD1.0 million. Open Sparkz is incorporated in Australia and is principally specialising in highly automated offers and rewards solutions using front of wallet credit, debit and prepaid cards. The Group considers that the subscription could provide an opportunity to the Group to enter into the electronic payment business in Australia. As at 31 March 2019, the Group has paid AUD1.0 million to Open Sparkz and held 20.02% interests of Open Sparkz.

On 19 January 2018, the Group entered into the sale and purchase agreement with Earn World Enterprises, pursuant to which Earn World Enterprises has conditionally agreed to sell and the Group has conditionally agreed to purchase the sale shares, which represented 70% of the entire issued share capital of Earn World Development. The consideration for the acquisition is HK$210.0 million which shall be payable by the Group as to HK$16.0 million by cash and HK$194.0 million by issuance of promissory notes. Earn World Group has been in the information technology industry for more than ten years. It is principally engaged in the provision of software solution in retail, distribution and accounting sectors including POS system, ordering and inventory system and accounting system, with the objective of providing commercial software applications and retail and distribution solutions which are suitable for global operation. The Group considers that the acquisition could provide an opportunity to the Group to enlarge the market share of the software solutions business and to explore more business opportunities in payment solutions so as to strengthen the Company's financial position and maintain its growth in Hong Kong. On 31 May 2018, the Group completed the acquisition of 70% of the share capital of Earn World Development. Please refer to the Company's announcement dated 19 January 2018 and 31 May 2018 for further details. Up to the date of this report, the Group had paid HK$9.6 million by cash to Earn World Enterprises for this acquisition.

On 2 March 2018, the Group entered into the subscription agreement with Newport to subscribe for the subscription shares, which represents 75% of the entire issued share capital of Newport at the consideration of approximately AUD360.0. Newport is incorporated in Australia and is principally engaged in guiding the clients through the maze of embedded systems technology to achieve an effective price/performance ratio for their products. The Group considers that the subscription could provide an opportunity to the Group to enter into the overseas software solutions business. All the terms and conditions for completion have been fulfilled and the acquisition was completed on 5 April 2018.

Save as disclosed above, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the year ended 31 March 2019 and up to the date of this report.

PLANS FOR MATERIAL INVESTMENTS AND ACQUISITIONS

Save as disclosed elsewhere in this report, the Group did not have any plans for material investments and acquisitions as at 31 March 2019 and up to the date of this report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Chun Kit Andrew ("**Mr. Lo**"), aged 44, was appointed as the chairman of the Board ("**Chairman**"), an executive Director and the chief executive officer of the Company ("**CEO**") in June 2016. Mr. Lo is also the chairman of the Nomination Committee. He is one of the founders of the Group and has been appointed as a director of EFT Solutions Limited ("**EFT**"), a wholly-owned subsidiary of the Company, since August 2008. Mr. Lo is currently responsible for supervising the overall corporate strategic planning, business development and major decision-making of the Group as well as the daily operation and management of the Group. Mr. Lo obtained a bachelor's degree in science from The University of Western Ontario in Canada in June 1996. Mr. Lo is experienced in electronic payment solutions having over 21 years of experience in the industry with 9 years accumulated in Ingenico International (Pacific) Pty Limited responsible for electronic payment solution development in Hong Kong and for taxi industry in New York, the United States; and 1 year in Hang Seng Bank Limited (stock code: 0011) responsible for credit card payment support services for merchants in Hong Kong and Macau. Mr. Lo is the spouse of Ms. Lam Ching Man ("**Ms. Lam**") and the eldest brother of Mr. Lo Chun Wa.

Mr. Lo Chun Wa, aged 35, was appointed as an executive Director in June 2016. Mr. Lo Chun Wa has worked as the customer service manager of EFT since April 2009 and has been repositioned to chief procurement and logistics officer since January 2017. Mr. Lo Chun Wa is currently responsible for formulating the overall corporate strategic planning, business development and major decision-making of the Group as well as the daily operation and management of procurement and logistics division and warehousing of the Group. Mr. Lo Chun Wa is experienced in electronic payment solutions with over 12 years of experience in customer service and service maintenance aspects. Mr. Lo Chun Wa is the youngest brother of Mr. Lo and the brother-in-law of Ms. Lam.

NON-EXECUTIVE DIRECTORS

Ms. Lam Ching Man, aged 44, was appointed as a non-executive Director in June 2016. Ms. Lam was appointed as a director of EFT for the periods from June 2005 to August 2008 and from April 2013 to February 2015, respectively. Ms. Lam is currently responsible for formulating the overall corporate strategic planning and major decision-making of the Group as well as supervising the administration of the Group. Ms. Lam completed her secondary education in July 1993. Ms. Lam has over 12 years of experience in administrative function. Ms. Lam is the spouse of Mr. Lo, and the sister-in-law of Mr. Lo Chun Wa.

Mr. Lui Hin Weng Samuel ("**Mr. Lui**"), aged 44, was appointed as an independent non-executive Director in November 2016 and has been re-designated from an independent non-executive Director to a non-executive Director in August 2017. Mr. Lui is currently responsible for formulating the overall corporate strategic planning and major decision-making of the Group. Mr. Lui obtained a bachelor's degree in accountancy from Nanyang Technological University in Singapore in July 1998. Mr. Lui has been a member of the Institute of Singapore Chartered Accountants (previously known as the Institute of Certified Public Accountants of Singapore) since October 2002. Mr. Lui has about 21 years of experience in capital markets, investment banking, private equity, financial and risk management, compliance and auditing.

Mr. Chan Lung Ming ("**Mr. Chan**"), aged 41, was appointed as a chief strategy officer ("**CSO**") of the Company in June 2017 and as the vice chairman of the Company and an executive Director in September 2017. Mr. Chan has resigned as the vice chairman and CSO and has been re-designated from an executive Director to a non-executive Director in February 2019. Mr. Chan obtained a Master of Science in Professional Accounting and Corporate Governance from City University of Hong Kong in 2014, a Master of Laws from Renmin University of China in 2007, a Master of Laws in International Economic Law from City University of Hong Kong in 2006, a Bachelor of Laws degree (Hons) from University of London in 2004 and a Bachelor of Business Administration degree from The Open University of Hong Kong in 2000. Mr. Chan is a responsible officer under the Securities and Futures Commission possessing the type 6 (advising on corporate finance) licence. Mr. Chan has several years of experience in the areas of corporate finance, regulatory and compliance. Mr. Chan is currently a director of investment banking at a corporation licensed to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Chan was a director of China Oil Gangran Energy Group Holdings Limited (Stock code: 8132) from August 2013 to December 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Yang Eugenia ("**Ms. Yang**"), aged 42, was appointed as an independent non-executive Director in August 2017. Ms. Yang is currently responsible for supervising and providing independent judgment to the Board. Ms. Yang is a practicing barrister in Hong Kong. Ms. Yang is a member of Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Ms. Yang is also a member of Institute of Chartered Accountants in English and Wales and a member of the Institute of Certified Public Accountants of Pakistan. Ms. Yang graduated from The University of Melbourne, Australia with a Bachelor Degree in Commerce, Postgraduate Diploma in Finance and a Master Degree in Commerce (Finance). Ms. Yang is also a graduate of Monash University, Australia with a Bachelor of Laws Degree. From August 2005 to May 2006, Ms. Yang was an independent non-executive director of Nority International Group Limited (currently known as Wai Chun Mining Industry Group Co. Ltd. (stock code: 660), a company listed on the Stock Exchange. Ms. Yang was also an independent non-executive director of Millennium Pacific Group Holdings Limited (stock code: 8147) from June 2014 to July 2017 and an independent non-executive director of China Oil Gangran Energy Group Holdings Limited (stock code: 8132) from August 2013 to June 2018.

Mr. Ng Ming Fai ("**Mr. Ng**"), aged 47, was appointed as an independent non-executive Director in October 2017. Mr. Ng is currently responsible for supervising and providing independent judgment to the Board. Mr. Ng obtained a Graduate Diploma in Transportation Logistics Management from Hong Kong University of Science and Technology in May 2000 and a Bachelor of Art degree in Administrative and Financial Studies (Major in Financial Accounting and Economics) from University of Western Ontario in June 1996. Mr. Ng is currently a director responsible for Distribution Services in North Asia of Expeditors Hong Kong Ltd. since March 2013. Mr. Ng possesses over 23 years of experience in logistics and distribution and supply chain services industry.

Dr, Wu Wing Kuen B.B.S. ("**Dr. Wu**"), aged 62, was appointed as an independent non-executive Director in March 2019. He obtained his doctoral degree in business administration from the Clayton University in the United States in June 1989. He is now serving several listed companies in Hong Kong and has over 25 years of experience in real estate investment. Dr. Wu is a director of Jet View Investment Limited since December 1991 and a director of Jade Mind Investment Limited since October 2004. Both companies are principally engaged in real estate investments. He is appointed as an independent non-executive Director, chairman of remuneration committee, a member of nomination committee and a member of audit committee of Million Cities Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 2892). He is an independent non-executive director of Nanfang Communication Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 1617)) since November 2016 and an independent non-executive director of the HongGuang Lighting Holdings Company Limited (a company listed on the GEM of the Stock Exchange (stock code: 8343)) since December 2016. He has also become an independent non-executive Director, a member of remuneration committee, a member of nomination committee and a member of audit committee of Food Idea Holdings Limited (a company listed on the GEM of the Stock Exchange (stock code: 8179) since January 2019. Dr. Wu was awarded the Bronze Bauhinia Star by The Government of the Hong Kong Special Administrative Region of the People's Republic of China in July 2012. He is currently a voting member of the Hong Kong Jockey Club and Chairman of the Sha Tin District Community Fund. Dr. Wu has also served the community under various other positions in the past. He is a member of the Appeal Tribunals Panel of the Planning and Lands Branch of the Development Bureau of The Government of the Hong Kong Special Administrative Region.

SENIOR MANAGEMENT

Chief Operation Officer

Mr. Lee Ka Ming Kelvin ("**Mr. Lee**"), aged 44, was a director of EFT since its incorporation in February 2004 until December 2006. Mr. Lee re-joined the Group as chief operation officer in July 2015. Mr. Lee is responsible for daily management and supervision of customer and technical service provision of the Group. Mr. Lee obtained a bachelor's degree in science majoring in marketing from University of Wales in the United Kingdom in November 2009. Mr. Lee is experienced in electronic payment solutions having over 19 years of experience in the industry with 8 years accumulated in Ingenico International (Pacific) Pty Limited responsible for supervising customer service provision to bank customers and 8 years in Hang Seng Bank Limited (stock code: 0011) responsible for providing credit card transaction support to merchants and handling disputes from cardholders in relation to credit card transactions.

Chief Information Officer

Mr. Chan Wai To, aged 42, worked as an engineer in EFT from February 2005 to June 2007, responsible for providing technical support to customers and re-joined the Group as chief information officer in September 2015. He obtained a bachelor's degree in science majoring in computer science and a master of philosophy degree in computer science, respectively, from The Chinese University of Hong Kong in December 1999 and October 2001, respectively. Mr. Chan Wai To is responsible for planning and overseeing electronic payment software development and technical support. Mr. Chan Wai To is experienced in electronic payment and software solutions having over 13 years of experience in the industry with 7 years accumulated in Hang Seng Bank Limited (stock code: 0011) responsible for developing new technical products or solutions for merchant business development.

Chief financial officer and company secretary

Ms. Fok Joyce Sing Yan ("**Ms. Fok**"), aged 37, was appointed as the chief financial officer in February 2019. Ms. Fok has been appointed as the company secretary and an authorised representative of the Company with effect from 20 February 2019. She is a member of The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and a member of The Institute of Chartered Accountants in England and Wales ("**ICAEW**"). Ms. Fok holds a Master of Science Degree in Financial Management from Middlesex University in the United Kingdom, and a Bachelor Degree with Honours in Business Administration major in Accounting from The Open University of Hong Kong. Ms. Fok has over 15 years of professional experience in corporate finance, finance & accounting, auditing, and company secretarial services. From August 2013 to December 2015, Ms. Fok was the company secretary and chief financial officer of China Oil Gangran Energy Group Holdings Limited, a company listed on GEM (stock code: 8132). Ms. Fok resigned from the position of company secretary in December 2015 and maintained her position as chief financial officer until October 2016.

Senior Procurement and Logistic Manager

Mr. Cheung Chun Bong ("**Mr. Cheung**"), aged 41, joined the Group as the project manager of EFT in April 2009. In February 2016, Mr. Cheung was appointed as the chief procurement and logistics officer and subsequently re-positioned to senior manager in January 2017. Mr. Cheung is responsible for managing the logistics of delivery of payment terminals and repair of payment terminals. Mr. Cheung obtained a bachelor's degree in science majoring in electrical and electronic engineering from University of Glamorgan in Wales, United Kingdom in June 1999. Mr. Cheung is experienced in electronic payment solutions having over 14 years of experience in the industry with 3 years accumulated in Ingenico International (Pacific) Pty Limited responsible for payment terminals maintenance support.

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

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

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance in emphasising a quality board of directors, sound risk management and internal control, transparency and accountability with a view to enhance corporate value and to safeguard the interests of all the Shareholders and the Company as a whole.

The Board continues to monitor and review the Company's corporate governance and makes necessary changes at appropriate time.

The Board has adopted the principles, the code provisions of Corporate Governance Code (the "**CG Code**") and the recommended best practices contained in Appendix 15 to the GEM Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established an Audit Committee ("**Audit Committee**"), a Nomination Committee ("**Nomination Committee**") and a Remuneration Committee ("**Remuneration Committee**") with specific written terms of reference. During the year ended 31 March 2019 and up to the date of this report, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules except for the deviations as follows:

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

Notwithstanding the above, the Board believes that the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high-calibre individuals, with three of them being independent non-executive Directors.

COMPLIANCE WITH DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions (the "**Model Code**") by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, the Company was not aware of any non-compliance with the required standard as set out in the code of conduct regarding the directors' securities transactions throughout the year ended 31 March 2019.

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

BOARD OF DIRECTORS

Composition

The Board currently comprises two executive Directors, three non-executive Directors and three independent non-executive Directors:

Executive Directors

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

Non-executive Directors

Mr. Chan Lung Ming
(ceased to be the Vice Chairman and CSO and re-designated from executive Director to non-executive Director on 1 February 2019)
Ms. Lam Ching Man
Mr. Lui Hin Weng Samuel

Independent Non-executive Directors

Ms. Yang Eugenia
Mr. Ng Ming Fai
Dr. Wu Wing Kuen *B.B.S.* *(appointed on 26 March 2019)*

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

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

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

Responsibilities

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

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

Appointments, Re-election and Removal

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

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

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

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

HKIoD 董事 持續進修 2019 Director CPD

Continuous Professional Development

According to the code provision A.6.5 of the CG Code, all Directors shall keep informed of their collective responsibilities as Directors and of the Business activities of the Group. Directors receive updates and presentations on changes and developments to the Group's business and to environments in which the Group operates, and participate in continuous professional development ("**CPD**") to develop and refresh their knowledge and skills as well as their responsibilities under the relevant laws and regulations to ensure compliance and enhance good corporate governance.

During the year ended 31 March 2019, all the Directors have participated in continuous professional development in relation to duties and responsibilities of the Directors, regulatory updates and the business of the Group in the following manner:

Name of Directors	**CPD Participation Yes/No**
Executive Directors	
Mr. Lo Chun Kit Andrew *(Chairman and CEO)*	Yes
Mr. Lo Chun Wa	Yes
Non-executive Directors	
Mr. Chan Lung Ming *(ceased to be the Vice Chairman and CSO and re-designated from executive Director to non-executive Director on 1 February 2019)*	Yes
Ms. Lam Ching Man	Yes
Mr. Lui Hin Weng Samuel	Yes
Independent Non-executive Directors	
Ms. Yang Eugenia	Yes
Mr. Ng Ming Fai	Yes
Dr. Wu Wing Kuen *B.B.S. (appointed on 26 March 2019)*	Yes
Mr. Lam Keung *(resigned on 26 March 2019)*	Yes

Participation in CPD includes attending seminars, reading relevant materials in relation to corporate governance, regulatory updates of the GEM Listing Rules and other regulatory requirements and the business of the Group. During the year ended 31 March 2019, the Directors is attended seminars provided by the Hong Kong Institute of Directors ("**HKIOD**").

BOARD COMMITTEES

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

Audit Committee

The Audit Committee was established on 23 November 2016 in compliance with Rule 5.28 of the GEM Listing Rules. As at 31 March 2019, the Audit Committee comprised three independent non-executive Directors, namely Ms. Yang, Mr. Ng, Dr. Wu. and Ms. Yang is the chairman of the Audit Committee.

None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

Written terms of reference in compliance with code provisions C.3.3 and C.3.7 of the CG Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. It is the Board's responsibility to ensure that an effective internal control and risk management framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators, and proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action. The Board has delegated the responsibility for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group's management to the Audit Committee. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control and risk management systems of the Group. Besides, the Audit Committee reviews and monitors the Company's compliance with its whistleblowing policy and oversees the Company's relations with the external auditor.

During the year ended 31 March 2019, the Audit Committee has reviewed the quarterly, interim and annual results of the Group. As at the date of this report, the Audit Committee and the external auditor have also reviewed the audited annual results of the Group for the year ended 31 March 2019. The Audit Committee and the external auditor were satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

Remuneration Committee

The Remuneration Committee was established on 23 November 2016. As at 31 March 2019, the Remuneration Committee comprised Mr. Ng (an independent non-executive Director), Mr. Lo (an executive Director) and Dr. Wu (an independent non-executive Director). Mr. Ng is the chairman of the Remuneration Committee.

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

Details of the Directors' remuneration for the year ended 31 March 2019 are set out in Note 13 to the consolidated financial statements of this annual report.

The remuneration of the senior management of the Group by band for the year ended 31 March 2019 is set out below:

Remuneration band	Number of senior management
HK$100,001 to HK$1,000,000	4

Nomination Committee

The Nomination Committee was established on 23 November 2016. As at 31 March 2019, the Nomination Committee comprised Mr. Lo (an executive Director), Mr. Ng (an independent non-executive Director) and Dr. Wu Wing Kuen *BBS*. (an independent non-executive Director). Mr. Lo is the chairman of the Nomination Committee.

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

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

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

For the purpose of implementation of the board diversity policy, the following measurable objectives were adopted:

1. At least one-third of the members of the Board shall be Independent Non–executive Directors; and

2. Enhance gender diversity (female representation) on the Board.

As at 31 March 2019, representation of Independent Non-executive Directors on the Board was 37.5%.

As at 31 March 2019, female representation on the Board was 25%.

The Board will take opportunity to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity.

The Nomination Committee will monitor the implementation of the board diversity policy and report to the Board annually.

Corporate Governance Function

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

The Board's responsibility in this regard includes:

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

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

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

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

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

Attendance Records of Meetings

The Company Secretary records the proceedings of each board meeting, Audit Committee meeting, Remuneration Committee meeting and Nomination Committee meeting and General meeting in detail by keeping detailed minutes, including all decisions by the Board together with concerns raised and dissenting views expressed (if any). All minutes are open for inspection at any reasonable time on request by any director. The attendance of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meeting and Nomination Committee meeting and general meeting during the year is set out in the following table:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting	Total meeting
Number of meetings held during the year	17	5	2	3	1	28
Name of Directors	**Number of meetings attended/Number of meetings entitled to attend**					
Executive Directors						
Mr. Lo Chun Kit Andrew	17	5	2	3	1	28
Mr. Lo Chun Wa	17	–	–	–	1	18
Mr. Chan Lung Ming *(Note a)*	13	–	–	–	1	14
Non-executive Directors						
Ms. Lam Ching Man	17	–	–	–	1	18
Mr. Lui Hin Weng Samuel	17	–	–	–	1	18
Mr. Chan Lung Ming *(Note a)*	4	–	–	–	1	5
Independent non-executive Directors						
Mr. Lam Keung *(Note b)*	14	4	1	2	1	22
Ms. Yang Eugenia	17	5	–	–	1	23
Mr. Ng Ming Fai	17	–	2	3	1	23
Dr. Wu Wing Kuen *B.B.S. (Note c)*	3	–	–	–	–	3

Notes:

(a) Mr. Chan was re-designated from an executive Director to a non-executive Director of the Company on 1 February 2019.

(b) Mr. Lam Keung resigned as an independent non-executive Director on 26 March 2019.

(c) Dr. Wu was appointed as an independent non-executive Director on 26 March 2019.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2019, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditor's Remuneration

During the year ended 31 March 2019, the remuneration paid or payable to the Company's auditor, Elite Partners CPA Limited, in respect of their audit and non-audit services was as follows:

	HK$
Audit services	600,000
Non-audit services	488,000
Total	1,088,000

COMPANY SECRETARY

Ms. Fok, our Company Secretary, possesses the necessary qualification and experience and is capable of performance of the functions of the company secretary. Her biography is set out in the section "Biographical Details of Directors and Senior Management" of this annual report. During the year ended 31 March 2019, Ms. Fok has confirmed that she has taken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

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

The Group regards periodic review of internal control system as an important part of the Board's oversight function. The Group has not set up an internal audit function, however, the Group has engaged an external consultant, Elite Partners Risk Advisory Services Limited, to conduct review on the internal control system of the Group. The review shall be conducted once every year. During the year ended 31 March 2019, a review has been conducted and the Directors considered the internal control system of the Group to be effective and adequate.

SHAREHOLDERS' RIGHTS

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

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

Procedures for a Shareholder of the Company to Propose a Person for Election as a Director

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

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

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served at the Company's principal place of business in Hong Kong at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong or at the Company's Hong Kong share registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, including (i) a notice signed by the Shareholder for which such notice is given of his/her intention to propose a candidate for election; and (ii) a notice signed by the proposed candidate of the candidate's willingness to be elected together with (a) that candidate's information as required to be disclosed under Rule 17.50(2) of the GEM Listing Rules, and (b) the candidate's written consent to the publication of his/her personal data.

Procedures for Raising Enquiries

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

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders to update the latest business development and financial performance including the publication of quarterly, interim and annual reports, notices, announcements and circulars on the GEM website and the Company's website in a timely manner in order to maintain a high level of transparency and good investor relations.

DIVIDEND POLICY

The Board considers sustainable returns to shareholders whilst retaining adequate reserves for the Group's future development to be an objective. Under the dividend policy adopted by the Company, dividends may be declared from time to time and be paid to shareholders provided that the Group is profitable and without affecting the normal operations of the Group. In summary, the declaration of dividends and the dividend amount shall be determined at the sole and absolute discretion of the Board taking into account the following factors:

- the Group's financial performance;
- the liquidity position and capital requirements of the Group; and
- any other factors that the Board may consider appropriate.

Change in Constitutional Documents

There were no significant changes in the constitutional documents of the Company for the year ended 31 March 2019.

DIRECTORS' REPORT

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's principal subsidiaries are set out in Note 36 to the consolidated financial statements.

BUSINESS REVIEW

Detailed business review is set out in the section headed "Management Discussion and Analysis" of this annual report on page 7. Future development of the Company's business is set out in the section headed "Chairman's Statement" of this annual report on page 5.

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

An analysis of the Group's performance during the year using financial KPIs is provided in the section "Financial Review" on pages 10 to 12 of this annual report and in Note 7 to the consolidated financial statements of the Company.

PRINCIPAL RISK AND UNCERTAINTIES

Details of principal risks and uncertainties is set out in the section headed "Management Discussion and Analysis" of this annual report on page 10.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 March 2019 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements from pages 68 to 131 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 March 2019 (2018: nil).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 August 2019 to Thursday, 8 August 2019, both dates inclusive, during which period no transfer of Shares could be registered for determination of entitlement of the Shareholders to the attendance at the forthcoming annual general meeting of the Company to be held on Thursday, 8 August 2019 (the "**AGM**").

In order to qualify for attending and voting in the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Friday, 2 August 2019.

DEED OF NON-COMPETITION

The Deed of Non-Competition dated 23 November 2016 (as defined in the Prospectus) became effective from the date of Listing. The Controlling Shareholders (as defined in the Prospectus) have confirmed that, save as disclosed in this annual report, at any time during the year ended 31 March 2019, they have not whether as principal or agent and whether undertaken directly or indirectly (including through any close associate, subsidiary, partnership, joint venture or other contractual arrangement of theirs) and whether for profit or otherwise, carry on, participate or be interested, engage or otherwise be involved in or acquire or hold shares or interests in any business which is in competition, directly or indirectly, or is likely to be in competition, directly or indirectly, with the business referred to in the Prospectus that is carried on by the Group in Hong Kong, Macau and such other territories that the Group may conduct or carry on business from time to time, including but not limited to the sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services, and development of project-based software solution services in Hong Kong and Macau. The Controlling Shareholders have also confirmed that they have fully complied with the undertakings contemplated under the deed of non-competition during the year ended 31 March 2019.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-Competition for the year ended 31 March 2019. The independent non-executive Directors have reviewed the Controlling Shareholders compliance with the Deed of Non-Competition for the year ended 31 March 2019.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and the Prospectus of the Company, is set out on page 132 of this annual report. This summary does not form part of the audited consolidated financial statements of the Company.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 27 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in pages 72 and 131 respectively of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2019, the Company's reserves available for distribution to the Shareholders amounted to approximately HK$47,660,000 (2018: approximately HK$32,096,000).

PRE-EMPTIVE RIGHTS

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

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

During the year ended 31 March 2019 and up to the date of this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer contributed approximately 13.2% (2018:18.9%) of the total revenue for the year while the Group's five largest customers accounted for approximately 43.1% (2018: 50.4%) of the total revenue for the year.

The Group's largest supplier contributed approximately 20.8% (2018: 30.7%) of the total cost of goods and services for the year while the Group's five largest suppliers accounted for approximately 62.5% (2018: 74.2%) of the total cost of goods and services for the year.

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

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the Shareholders on 23 November 2016 (the "**Share Option Scheme**").

As at the date of this annual report, there is no outstanding number of share options available, for granting under the Share Option Scheme to subscribe for shares. During the year ended 31 March 2019, a total number of 38,400,000 share options were lapsed in accordance with the terms of the Share Option Scheme.

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

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

Eligible participants of the Share Option Scheme include:

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

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

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

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

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

    (b) quality of work performed for the Group;

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

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

The maximum number of shares which may be issued upon exercise of all outstanding option granted and yet to be exercised under the Share Option Scheme and any other schemes for the time being of the Company shall not exceed 30% of the shares in issue from time to time. Share options (the "**Options**") of the Company which are lapsed or cancelled for the time being shall not be counted for the purpose of calculating the said 30% limit and the maximum number of shares which may be issued upon exercise of all Options granted and to be granted under the Share Option Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of approval of the Share Option Scheme unless approval for refreshing the 10% limit from the Company's shareholders has been obtained. The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, outstanding Options and Shares which were the subject of Options which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled (the "**Cancelled Shares**") to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of Options in excess of this 1% limit shall be subject to the issue of a circular and the approval of the Shareholders in general meeting.

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

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

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

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

(iii) the nominal value of a Share.

Details of the Options granted and outstanding under the Share Option Scheme during the year ended 31 March 2019 were as follows:

				Number of share options				
Category	**Date of grant**	**Exercise period**	**Exercise price**	**Balance as at 1 April 2018**	**Granted**	**Exercised**	**Cancelled/ lapsed** *(Note 5)*	**Balance as at 31 March 2019**
Executive Directors								
Mr. Lo	9 January 2018	*Note 1*	0.530 *(Note 4)*	4,800,000	–	–	(4,800,000)	–
Mr. Lo Chun Wa	9 January 2018	*Note 1*	0.530 *(Note 4)*	4,800,000	–	–	(4,800,000)	–
Non-executive Directors								
Mr. Chan *(Note 6)*	18 September 2017	*Note 2*	0.320 *(Note 3)*	24,000,000	–	–	(24,000,000)	–
Ms. Lam	9 January 2018	*Note 1*	0.530 *(Note 4)*	4,800,000	–	–	(4,800,000)	–
				38,400,000	–	–	(38,400,000)	–

Notes:

1. 50% of the Options granted to Mr. Lo, Mr. Lo Chun Wa and Ms. Lam shall become exercisable after three months from the date of grant. The remaining Options granted to Mr. Lo, Mr. Lo Chun Wa and Ms. Lam shall become exercisable on or after the first anniversary of the date of grant.

2. 40% of the Options granted to Mr. Chan shall become exercisable immediately upon approval by the Shareholders of the Company; 30% of the Options granted to Mr. Chan shall become exercisable on or after completion of one year of service on 1 September 2018 and the remaining Options granted to Mr. Chan shall become exercisable on or after completion of two years of service on 1 September 2019. Options granted to Mr. Chan have been approved by the Shareholders in its extraordinary general meeting held on 10 November 2017.

3. The closing price of shares on the date of grant was HK$0.320. The average closing price was HK$0.2744 per share for the five business days immediately preceding the date of grant.

4. The closing price of shares on the date of grant was HK$0.530. The average closing price was HK$0.520 per share for the five business days immediately preceding the date of grant.

5. The Options lapsed during the year in accordance with the terms of the Share Option Scheme.

6. Mr. Chan was re-designated from an executive Director to a non-executive Director of the Company on 1 February 2019.

DIRECTORS

The Directors during the year ended 31 March 2019 and up to the date of this report were:

Executive Directors

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

Non-executive Directors

Ms. Lam Ching Man
Mr. Lui Hin Weng Samuel
Mr. Chan Lung Ming
(ceased to be the Vice Chairman and CSO and re-designated from executive Director to non-executive Director on 1 February 2019)

Independent Non-executive Directors

Mr. Lam Keung *(Resigned on 26 March 2019)*
Mr. Ng Ming Fai
Dr. Wu Wing Kuen *B.B.S.* *(Appointed on 26 March 2019)*
Ms. Yang Eugenia

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS' SERVICE CONTRACTS

There is no service contract, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), in respect of any director proposed for re-election at the AGM.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

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

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

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Interests in the Shares of the Company

			Long position	
Name	**Capacity**	*Notes*	**Total interests in ordinary Shares**	**Percentage of total number of issued Shares**
Mr. Lo	Interest in a controlled corporation	*1*	345,600,000	72%
Ms. Lam	Interest of spouse	*2*	345,600,000	72%

Note:

1. Mr. Lo is interested in the entire issued share capital of LCK Group Limited ("**LCK**") and he is therefore deemed to be interested in the 345,600,000 Shares held by LCK by virtue of the SFO.

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

Save as disclosed above and the paragraph headed "Share Option Scheme", as at 31 March 2019, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2019, to the knowledge of the Directors, Shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

			Long position	
Name	**Capacity**	*Note*	**Number of ordinary Shares**	**Percentage of total number of issued Shares**
LCK	Beneficial owner	*1*	345,600,000	72%

Note:

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

Save as disclosed above, as at 31 March 2019, to the knowledge of the Directors, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above and the paragraph headed "Share Option Scheme", at no time during the year ended 31 March 2019 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above and as provided in the section "Share Option Scheme" of this annual report, at no time during the year ended 31 March 2019 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

During the year ended 31 March 2019 and up to the date of this report, none of the Directors, nor the substantial Shareholders of the Company nor their respective close associates (as defined under the GEM Listing Rules) had any interests (other than their interest in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 33 to the consolidated financial statements, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in Note 33 to the consolidated financial statements, during the year ended 31 March 2019, there had been no contract of significance between the Company or any of their close associates and a Controlling Shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of their close associates.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 March 2019 are set out in Note 33 to the consolidated financial statements of this annual report. Save as mentioned in the section "Continuing Connection Transactions" as below, other related party transactions constituted exempted connected transactions and continuing connected transactions under Chapter 20 of the GEM Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2019, certain lease transactions entered into by the Group with (i) Mr. Lo, the controlling shareholder and a Director; (ii) Ms. Lam, a Director and the spouse of Mr. Lo; (iii) Mr. Lo Chun Wa, a Director and brother of Mr. Lo, and certain transactions entered into by the Group with EFT Payments (Asia) Limited ("**EFT Payments**"), a company wholly-owned by Mr. Lo, constituted non-exempt continuing connected transactions of the Group under Chapter 20 of the GEM Listing Rules, details of which are as follows:

Non-exempt continuing connected transactions	**Connected Persons**	**Annual cap**	**Actual amount for the year ended 31 March 2019**	*Note*
Lease of warehouse, repair centre and office	Mr. Lo	HK$1,476,000 for (i), (ii) & (iii)	HK$792,000	*(i), (iv)*
Lease of office and carpark	Ms. Lam		HK$324,000	*(ii), (iv)*
Lease of warehouse	Mr. Lo and Mr. Lo Chun Wa		HK$360,000	*(iii), (iv)*
Sales of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services and disposal of fixed assets	EFT Payments	HK$18,000,000	HK$17,851,881	*(v), (vi)*

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

(i) On 17 June 2016, EFT, a wholly-owned subsidiary of the Company, (as tenant) and Mr. Lo (as landlord) entered into tenancy agreements (as supplemented and amended on 18 February 2019), pursuant to which EFT agreed to rent the certain properties for a renewed term commencing on 1 April 2019 and expiring on 31 March 2021 (both days inclusive) for a deposit of HK$132,000 at an aggregate monthly rent of HK$66,000 (comprising HK$36,000 monthly rent for Workshop A3, 1/F, Yip Fung Industrial Building, Nos. 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong and HK$30,000 monthly rent for Workshop B1, 11/F, Yip Fung Industrial Building, Nos. 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong) (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.

(ii) On 17 June 2016, EFT (as tenant) and Ms. Lam (as landlord) entered into tenancy agreements (as supplemented and amended on 18 February 2019), pursuant to which EFT agreed to rent certain properties for a renewed term commencing on 1 April 2019 and expiring on 31 March 2021 (both days inclusive) for a deposit of HK$54,000 at an aggregate monthly rent of HK$27,000 (comprising HK$22,500 monthly rent for Workshop B3, 11/F, Yip Fung Industrial Building, Nos. 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong and HK$4,500 monthly rent for carpark V2, G/F, Yip Fung Industrial Building, Nos. 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong) (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.

(iii) On 17 June 2016, EFT (as tenant) and Mr. Lo and Mr. Lo Chun Wa (jointly as landlord) entered into a tenancy agreement (as supplemented and amended on 18 February 2019), pursuant to which EFT agreed to rent a property for a renewed term commencing on 1 April 2019 and expiring on 31 March 2021 (both days inclusive) for a deposit of HK$60,000 at an aggregate monthly rent of HK$30,000 for Workshop A1, 4/F, Yip Fung Industrial Building, Nos. 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong (exclusive of utility charges), which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates. The monthly rent is payable in advance on the first day of each and every successive calendar month.

(iv) Such Leases have become exempted continuing connected transactions following their renewal on 18 February 2019.

(v) On 17 June 2016, the Company entered into a master supply and services agreement (the "**Existing Master Supply and Services Agreement**") (as supplemented and amended on 14 November 2016, 26 January 2018, 13 September 2018 and 26 November 2018) with EFT Payments, pursuant to which the Group agreed to (i) sell and EFT Payments agreed to purchase EFT-POS terminals and peripheral devices in accordance with the specifications and at the purchase price set out in each individual purchase order (the "**Purchase Order**") as may from time to time be offered by EFT Payments and accepted by the Group; and (ii) provide EFT-POS system support services to EFT Payments with effect from the date of the Listing. EFT-POS system support services comprise of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments. The Group also provides hotline services and merchant training. The terms of the Existing Master Supply and Services Agreement has been commenced since the date of the Listing and was expired on 31 March 2019 and the Company renew the Existing Master Supply and Services Agreement on 26 November 2018 (refer to below). Either party may terminate the Master Supply and Services Agreement by serving a notice of not less than three months to the other. The purchase price in each Purchase Order placed by EFT Payments to the Group shall be determined after arm's length negotiations between EFT Payments and the Group from time to time with reference to the then prevailing market price of similar products in the market and that in any event shall be no less favourable to the Group than that offered to independent third parties by the Group. The monthly system support fee payable by EFT Payments to the Group is based on the number of terminals deployed by EFT Payments multiplied by a system support fee which was agreed after arm's length negotiations between the parties with regard to the prevailing market rates and that in any event shall be no less favourable to the Group than that offered to independent third parties by the Group. The monthly system support fee is payable in arrears within 30 days of the invoice issued by the Group on the first day of each and every successive calendar month.

(vi) On 26 November 2018, the Company entered into a new master supply and services agreement (the "**New Master Supply and Services Agreement**") with EFT Payments to renew the Existing Master Supply and Services Agreement, pursuant to which the Company shall provide EFT Payments with EFT-POS terminals and peripheral devices and system support services for the EFT-POS terminals and peripheral devices, with effect from 1 April 2019 to 31 March 2022. EFT-POS system support service comprises of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments, as well as hotline services and merchant training. The Group will also provide software solution services to EFT Payments. Either party may terminate the New Master Supply and Services Agreement at any time by giving three months' prior written notice to other party. The purchase price for EFT-POS terminals shall be determined after arm's length negotiations between EFT Payments and the Group from time to time with reference to the model of EFT-POS terminals to be purchased, their various specifications and the then prevailing market price of similar products in the market and that in any event shall be no less favourable to the Group than that offered to independent third parties by the Group. For details of new master supply and services agreement, please refer to the circular dated 17 December 2018.

Review of Continuing Connected Transactions by Independent Non-Executive Directors

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

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

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

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

Assurance Engagement on Continuing Connected Transactions

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

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

(1) have not been approved by the Board;

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

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

(4) have exceeded the cap.

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

CORPORATE GOVERNANCE

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS AND RELATIONSHIPS WITH KEY SHAREHOLDERS

The Company has complied with all applicable laws and regulations in all material respects and maintained good relationship with its customers, suppliers, employees and investors. During the year ended 31 March 2019, there were no material and significant dispute between the Group and its employees, customers and/or suppliers.

COMPLIANCE ADVISER'S INTERESTS

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

PERMITTED INDEMNITY PROVISIONS

At no time during the year ended 31 March 2019 and up to the date of this report was there any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise), or an associated company (if made by the Company).

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

EMOLUMENT POLICY

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

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

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the Directors' remuneration and the five highest paid individuals for the year ended 31 March 2019 are set out in Note 13 to the consolidated financial statements of this annual report.

CHARITABLE DONATIONS

During the year ended 31 March 2019, the Group made donation of approximately HK$50,000 (2018: HK$18,000) to charitable and non-profit-making organisation.

PUBLIC FLOAT

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

EVENT AFTER THE REPORTING PERIOD

On 27 May 2019, the Company entered into an extension deed with Earn World Enterprises Limited (the "**Vendor**") (the "**Extension Deed**") in relation to the issuance of a promissory note dated 31 May 2018 in the principal amount of HK$60,000,000 maturing on 30 June 2019 (the "**Promissory Note**") by the Company to the Vendor. The Extension Deed confirms to extend the existing maturity date under the Promissory Note from 30 June 2019 to 30 June 2020. All other terms in the Promissory Note shall remain valid and in force. For details, please refer to the announcement dated 27 May 2019.

AUDITOR

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

There has been no change of auditor of the Company during the year ended 31 March 2019 and up to the date of report.

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

Hong Kong, 14 June 2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This is the third Environmental, Social and Governance ("**ESG**") Report of the Group for the year ended 31 March 2019. This report is prepared in compliance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") published by The Stock Exchange of Hong Kong Limited as set out on pages 56 to 61 in Appendix 20 of the GEM Listing Rules. An ESG Reporting Guide Content Index is set out in Appendix I of this report. This report serves as a record of our main ESG initiatives and performance highlights and focus on areas that are material to our business and stakeholders.

SCOPE OF REPORTING

It should be read in conjunction with this annual report, in particular the Corporate Governance Report contained therein. Unless otherwise stated, this ESG Report covers the data of the Group's businesses in souring of EFT-POS terminals, EFT-POS system support, EFT-POS software solution services and embedded system solution services for the financial year from 1 April 2018 to 31 March 2019.

Stakeholder Engagement

We aim to response and feedback to any material concerns of the stakeholders on a timely manner. To evaluate our performance on ESG, we communicated with our stakeholders through various channels of communication. Their opinions are reflected to the ESG report.

Stakeholders	Ways of Communication
Government and regulatory bodies	• Verbal and written communications on a need basis • Supervision on the compliance with local laws and regulations
Investors and shareholders	• Regular general meeting and notices • Regular financial reports and announcements • Direct communication via a designated email address • Meetings and responses to phone and written enquiries on a need basis
Customers	• Customer meetings • Regular communications with customers • Customer service hotline • On-site visits
Suppliers and business partners	• Regular meetings • On-site visits
Employees	• Regular intranet communication • Internal staff training • Regular meetings
General public	• Seminars and conference with market practitioners, peers and related associations • Press release

MATERIALITY ASSESSMENT

We value the opinions of our internal and external stakeholders on ESG matters. Based on the communication with stakeholders, we realised that as an enterprise who focus on information technology and payment solutions, talent management, products responsibilities and services are the key concerns for most of our stakeholders. With reference to the continuous materiality assessments with the stakeholders, including both internal and external stakeholder groups through discussion and interviews, it helped us to evaluate the importance to stakeholders and business operations. The Group evaluated their feedback and noticed the following materiality assessment results for this ESG report.

Materiality assessment results:

Talent Management
Employee Training and Development
Health and Safety
Supply Chain Management
Product Safety
Quality Assurance
Customer Services
Customer data and privacy protection
Intellectual Property Rights
Anti-Corruption
Community investment

STAKEHOLDERS FEEDBACK

We value the opinion of different stakeholders. If you have any comments and suggestions on this ESG Report, you may submit your feedback to us at: investor.enquiry@eftsolutions.com.

A WORKPLACE

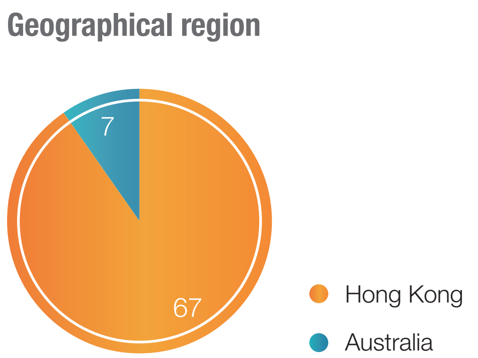
I Talent Management

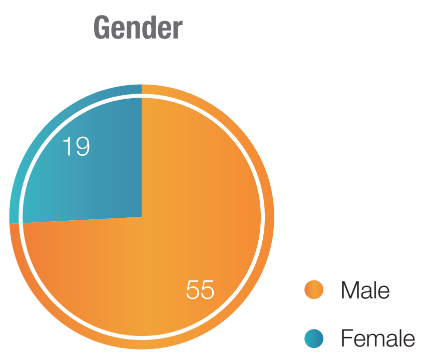
Employees are the most valuable assets of the Group. We aim to driving towards a more desirable workplace, enabling employees to excel, and dedicating ourselves to provide employees' suitable working environment as well as enhancing their career development.

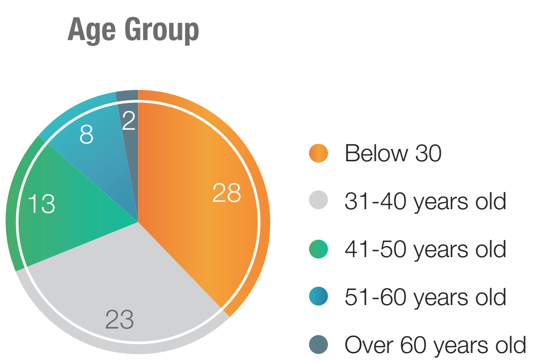
To express our appreciation to our employees, during our 10th year anniversary ceremony, we expressed our gratitude to our employees who have work with us for more than 5 years. A total of 16 employees have been awarded.

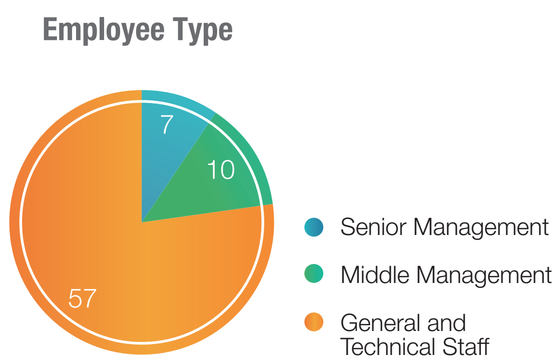
As at 31 March 2019, we have a total of 74 employees and 24 subcontractors. During the year ended 31 March 2019, the monthly turnover rate of the employees is 2.03%. All our employment is voluntary and strictly complies with the applicable employment laws in Hong Kong and Australia and does not employ any child labour. The Human Resources and Administration Department would inspect the identification documents of candidates during the recruitment process to prevent recruiting child labour. The Group complies to applicable and relevant employment laws and regulations (including but not limited to child labour and forced labour).

Total Workforce by Geographical Region, Gender, Age Group and Employment Type









Monthly turnover rate by gender

Gender	Percentage
Male	1.80%
Female	0.23%

Monthly turnover rate by geographical region

Region	Percentage
Hong Kong	1.92%
Australia	0.11%

Monthly turnover rate by age group

Age Group	Percentage
Below 30 years old	0.90%
31-40 years old	1.13%

II Compensation

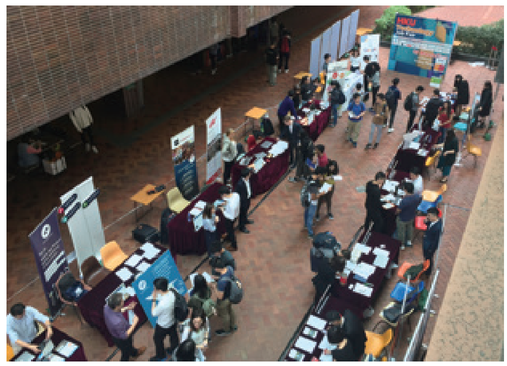
We offer competitive remuneration package, including pay, welfare and other benefits in the form of bonus and healthcare benefits to attract and retain talent. The bonus system is performance-based and designed to reward employees with high performance. Appraisals are reviewed on half-year basis to evaluate individual performance and contribution. The appraisal results will be used as a reference for salary adjustment, the determination of bonus and remuneration reward, promotion and placement. Besides the remuneration package, we adopt special scheme to recognize and reward employees who have made contribution to the development of the Group.

III Talent Recruitment

Our Staff Handbook emphasises the importance of equality of opportunities and commitment to ensure an equal employment environment for all staff, job applicants and other concerned parties. We consistently applied to all job applicants the same requirements level, irrespective of its gender, nationality, race, religion and age.

During the year ended 31 March 2019, the Group participated in the Employment Services in Correctional Services Department Hong Kong for providing job opportunities to rehabilitated offenders to enhance their reintegration into the community.

We also participate in job fairs held by different tertiary institutions. We set up booth to promote the Group as an attractive career choice. Many students expressed a high level of interest in becoming part of our team.



Students visiting the EFT job booth at HKU Technology Job Fair on 19 March 2019

IV Employee Departure

We value our relationship with our employees and handle employee departure strictly in accordance with applicable laws and regulations in Hong Kong and Australia. We arrange an exit interview with each of the departing employees (whether by resignation or dismissal) to understand the reasons for their departure and welcome any of their suggestions.

V Employee Training and Development

We invest heavily in employee development. We embrace the fast-growing information technology and payment solutions industries by constantly bringing in new tools and technology know-how to our staff. Staff are encouraged to participate in personal and professional trainings in order to maintain their competitiveness and provide better service to our clients. We consider that our success is attributable to our employees. Accordingly, we intend to continue investing in our personnel by:

Induction Training

In order to let our new employee to quickly adapt to the Company and their new positions, induction trainings will be provided to new employee when they join the Group to enable them to understand our culture, policies, rules and regulations.

Technicians meeting to discuss the latest maintenance updates and technical developments

On-the-job Coaching

With regard to our business needs, the Group organizes training regularly for our employee to gain a better understanding of the business and to keep them abreast of the latest knowledge and skills. We would also participate in trainings and seminars given by our suppliers and customers to equip our employee with the latest technical knowledge in the industry.

VI Employee Communication

We emphasise the importance of open communication with our employees. The Group has established various communication channels for employees to file any complaints or concerns in the workplace. Our employees could file their comments and suggestions to our reporting mailbox or submit their comments directly to the Human Resources and Administrative Department.

VII Health and Safety

Although the operation of the Group does not involve production, we strive to provide a safe and comfortable work environment for our employees. The Group is dedicated to maintain a safe, hygienic and productive workplace by minimising the potential risk of accidents, injuries and exposure in relation to health risks. The measures including but are not limited to the well-established fire service systems in offices; the Group medical insurance are provided to all of our employee; suitcases are provided for the staffs and subcontractors to carry equipment etc. We have also established various safety guidelines and preventive measures for the employees to understand the appropriate use of office equipment and working at warehouses to enhance workplace safety.

During the year ended 31 March 2019, we have no reportable injuries nor any lost days due to work injury. The Group did not violate any relevant and applicable health and safety laws and regulations and we did not receive any prosecutions in relation to occupational health and safety.

B SUPPLY CHAIN MANAGEMENT

We mainly sourced from Hong Kong, Mainland China and Singapore. We also sourced from other oversea regions, such as Netherlands, France, Australia, U.S.A and Vietnam. The Group's procurement for its core business mainly are EFT-POS terminals and peripheral devices. We select suppliers after taking into account of pricing, quality, fulfilment of specifications and logistics arrangements.

We procure the EFT-POS terminals and peripheral devices from the World's top manufacturers with high reputation and credibility. Those suppliers have already established sustainability policies in related to the environmental and social aspects.

In the coming years, we would continue to keep track of supplier's performance and continue to incorporate our sustainability measures with regard to the environment, health and safety, and social responsibility into our sourcing practices to identify opportunities to improve their current environmental and social practices.

I Participation in Industry

Collaborating with the industry participants such as the manufacturers, business partners and other market participants, help us to explore more possibilities in the industry and contribute the sustainability of the market development.

On 16 October 2018, we participated in the "Hong Kong Towards Faster Payment" Conference co-organised by Hong Kong Information Technology Federation and Hong Kong Fintech Federation for the discussion about the Faster Payment System launched by the Hong Kong Monetary Authority in September 2018. During the conference, we shared our views on how could the Faster Payment System benefit the merchants in the retail payment and our views for the development of electronic payment industry in Hong Kong in the future.

Our Chairman, Mr. Lo Chun Kit, Andrew, receiving a gift from Honorary President of Hong Kong Information Technology Federation (HKITF), Mr Francis Fong.

C PRODUCT RESPONSIBILITY

We continue to strive to provide reliable products and services, by acting responsibly and protecting the interests of various stakeholders. We were awarded as Top 25 Retail Solutions Provider – 2018 by APAC CIOoutlook, as Outstanding Electronic Payment Solution Provider 2018 in Quamnet Outstanding Enterprise Awards 2018 by Quamnet and was named as an Outstanding Electronic Solutions provider in the Hong Kong Smart City Award 2018 organized by etNet.

Outstanding Electronic Payment Solution Provider 2018 in Quamnet Outstanding Enterprise Awards 2018

Outstanding Electronic Solutions provider in the Hong Kong Smart City Award 2018

I Sourcing of EFT-POS terminal and peripheral devices

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

II EFT-POS system support services

To improve customer satisfaction and achieve customer loyalty in the future, we work closely with the manufacturers and acquirers to provide specialised total EFT-POS solutions services to merchants who use the EFT-POS terminals.

III Software solutions services

By leveraging our established business relationships with acquirers and merchants and strong software development capability, we understand customers' needs with specific functions to improve the overall operational efficiency, cost reduction and ease of management. Customer satisfaction is our central focus. We aim to provide tailor-made value-added software solution services to customers.

IV Product safety

Our EFT-POS terminals have passed stringent tests. The software of each model of our EFT-POS terminals complies with electronic payment standards acceptance certification of each of the acquirer (i.e. acquiring bank or payment processor that processes credit or debit card payments on behalf of a merchant) before the acquirer can purchase and deploy or lease the EFT-POS terminal to merchants for electronic payment in Hong Kong.

V Quality assurance

The Group is committed to providing customers with high-quality services and solutions. To this end, we have established internal operating guidelines to manage the quality control required for our business streams. To ensure that our EFT-POS system support services meet customers' requirements, we strictly adhere to the service standards set out in the agreements with our customers. In 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 inspection of the received goods to ensure the quality with satisfactory results. We perform full check when we load the software to the EFT-POS terminals before deployment to customers.

We generally offer to customers a hardware warranty of 12 months which covers the defects of the EFT-POS terminal.

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

VI Customer Service

We provide 24/7 hotline services for our customers. Our operation department comprises of customer service and technical support expertise who are responsible for our EFT-POS system support services. We establish comprehensive procedures in handling enquiries depending on different situations. We identify and prioritise each case based on the urgency. We set out procedures and timeframe within which each enquiry needs to resolve. We ensure that the customers' concerns are properly addressed to foster long-term relationship.

Complaints are transferred and handled directly by a designated customer service manager for investigation. Incident report with action plan are prepared to prevent future occurrence. During the year ended 31 March 2019, we have not received any complaints on our product or services from our customers that cause material impact to the Group.

Members of our staff are professional, energetic and dedicated to exceeding expectations

VII Customer data and privacy protection

We act as the linkage between EFT-POS terminal manufacturers and acquirers, as well as between merchants and acquirers. Our EFT-POS terminals and electronic payment system do not retain any user's (individual card holder) personal information. For our software solution business, only authorized staff on a need-to-know basis are allowed to access and process the personal data. Access to records and data without authorization is strictly prohibited. The Group has also developed an IT policy included in the Staff Handbook that regulates our staff in proper use of and handling of customer data.

We maintain suitable and sufficient security infrastructure, including anti-virus, anti-spam software, data security and backup, to minimize cyberthreats. Our information technology employees are well-trained to monitor our network to detect any suspicious traffic and prevent potential cyber risk. During the year ended 31 March 2019, the Group had not been involved in any events of divulging customer data and private information and the Group complies with the relevant and applicable rules and regulations, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong.

VIII Intellectual Property Rights

We respect third party intellectual property rights. We would enter into non-disclosure agreement with every one of our business partners to protect the trade-secret for both of our business partners and ourselves. We have also 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 employees are generally required to enter into standard employment contracts, which contain provisions requiring them to keep confidential our proprietary information and business secrets which they have knowledge or access to, and also provides that all intellectual property invented or produced by the employees during the course of their employment with us shall belong to us.

During the year ended 31 March 2019, the Group complies with the relevant and applicable laws and regulations and there were no reported cases of infringement of intellectual property rights.

D ANTI-CORRUPTION

The Group has complied with relevant laws and regulations including Hong Kong's Prevention of Bribery Ordinance and has included the Prevention of Bribery Policy in the Staff Handbook. The Group has established an "Anti-Money Laundering Policy" and "Anti-Corruption Policy" with reference to the applicable laws and regulations which require its business department officers to fully understand the background of potential customers in accordance with relevant internal guidelines before signing of contractual agreement.

The Group is committed to creating a corporate culture of integrity and justice by accepting internal complaints and whistleblowing. The Group encourages the reporting of suspected business irregularities. In terms of the reporting of abnormal and corruption behaviour, the Group has also established a whistle blowing policy. Reporting mailbox is set up to provide a channel for employees to report on violations, corruption, bribery and suspicious incidents.

The Group also encourages continuous training and stringent monitoring. Employees at all levels of the company possess a sense of risk, legal and compliance awareness with the knowledge of anti-money laundering and anticorruption. The Group believes the above can make contribution to the equal and incorruptible society.

During the year ended 31 March 2019, we are not aware of any material non-compliance with relevant and applicable laws and regulations and there were no confirmed incidents or legal proceedings regarding corruption in relation to the Group or its employees.

E ENVIRONMENT

The Group adopts policies to minimize its environmental footprint in the operation. We continue to reduce the environmental impact of our operations and to promote the green energy-saving and environmental friendly practices to our suppliers and business partners.

A recycling corner has been set up for promoting green office practices

I Emissions

Due to the business nature, our operations do not have significant impact to the environment. The majority of greenhouse gas emissions are indirectly generated from electricity consumed at the Group's workplace.

Type	Unit	Total
Scope 1 (Direct emissions)	tonnes of CO_2e	4.21
Scope 2 (Energy indirect emissions)	tonnes of CO_2e	99.32
Scope 3 (Indirect emissions)	tonnes of CO_2e	0.45
Total Greenhouse gas emission	tonnes of CO_2e	103.98
Nitrogen Oxide (NOx)*	g	1,219.73
Sulphur Oxide (SOx)*	g	22.86
Particulate Matter (PM)*	g	89.81

* Distance travel based on calculation of fuel consumption and vehicle specification

During the year ended 31 March 2019, the Group was not aware of any non-compliance with relevant and applicable standards, rules and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group.

II Use of Resources

The resources used by the Group are principally electricity, water and paper in offices. The Group recognises environmental conservation as one of the most important missions. We promote the green office practices with the 4Rs: Reduce, Recycle, Reuse and Replace, which aim to reduce and control environmental pollution arising from the day-to-day working practices and included all these requirements in our staff handbook.

The energy used during the year ended 31 March 2019 is as follows:

Type	Unit	Total
Electricity consumed	kWh	154,677
Fuel used for company vehicles	litres	1,555

The Group take cost control measures to monitor the consumption of utilities. Control measures and environmental protection measures included but are not limited to:

– Maintaining the office room temperature at 24 to 26°C;

– Using energy-saving LED lighting;

– Sending out internal notices to remind employees to switch off electronic equipment before leaving office;

– Turning off all lighting and air conditioners when not in use; and

– Promoting the recycling of the office paper and other resources and reduce use of disposable paper cups.

In March 2019, we participated in the WWF's Earth Hour 2019 by turning off lights in Hong Kong offices for an hour to help promote energy saving. We also pledge to choosing sustainable products and reducing waste particularly single-use plastics.

III Use of Water

In view of principal business activities of the Group, we do not consume significant amounts of water. Although water consumption is considered as minimal, we encourage saving water by driving behavioural changes in the workplace. The Company has installed water dispenser machines to encourage staff to switch from drinking bottled water.

Type	Unit	Total
Total water consumption	m^3	320

Note: The amount of water consumed represents the amount of water consumed according to the water bills received.

IV General waste and hazard waste

Our operations produced limited wastes which are generally office wastes. The wastes are collected and managed by the property management office of the rented properties.

We did not generate any industrial wastewater. The Group's office generates a small amount of domestic wastewater. All the wastewater has been connected to the municipal sewage pipeline network and entered the urban sewage treatment plant, which is discharged according to the required standards.

V Use of packaging material

In case of the new EFT-POS terminal, we use manufacturer original paper box for delivering the terminals to the merchant. In order to further reducing the use of packaging material and waste, we would reuse the plastic bag to wrap the EFT-POS terminals and peripheral devices. During the year ended 31 March 2019, the Company has used 318 kg of plastic bag (2018: 254 kg) as packaging material.

VI Use of Paper

The Group continuously promotes paperless office and encourages staff to reduce paper usage in their daily work to create a green office. Staff are encouraged to print double side and to use e-channels to disseminate corporate information. To further reduce paper consumption, the Group targeted to launch a new ERM system for electronic filing of document records in our operation team.

F COMMUNITY INVESTMENT

We are actively participating in community activities and maintains close communication and interaction with the community to contribute to build and develop a better and smart city. We dedicate ourselves to serve a better community with a focus on promoting go green.

During the year ended 31 March 2019, we participated in the Shanghai Commercial Pok Oi Cycle for Millions 2019, organised by Pok Oi Hospital, for the purpose of promoting healthy lifestyle, low-carbon living and to raise fund for the establishment of the largest Nursing and Residential Care Home in Hong Kong.

In the future, the Group will actively encourage employees to contribute time and skills to the communities in order to benefit local communities in respect of environmental protection, committing corporate social responsibilities and enhance the corporate value of the Group.

APPENDIX I – ESG REPORTING GUIDE CONTENT INDEX

Subject Area, Aspects, General Disclosures and KPIs		Disclosures or Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Please refer to Section E – Environment in the ESG Report
KPI A1.1	The types of emissions and respective emission data	Please refer to Section E – Environment in the ESG Report
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	Please refer to Section E – Environment in the ESG Report
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	The Group produced limited amounts of hazardous and non-hazardous waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	The Group produced limited amounts of hazardous and non-hazardous waste
KPI A1.5	Description of measures to mitigate emissions and results achieved	Please refer to Section E – Environment in the ESG Report
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Please refer to Section E – Environment in the ESG Report

Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Please refer to Section E – Environment in the ESG Report
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	Please refer to Section E – Environment in the ESG Report
KPI A2.2	Water consumption in total and intensity	Please refer to Section E – Environment in the ESG Report
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Please refer to Section E – Environment in the ESG Report
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Please refer to Section E – Environment in the ESG Report
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Please refer to Section E – Environment in the ESG Report

Aspect A3: The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Please refer to Section E – Environment in the ESG Report
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Group business activities do not cause significant impact to the environment and natural resources.

B. Social

Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Please refer to Section A – Workplace in the ESG Report
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Please refer to Section A – Workplace in the ESG Report
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Please refer to Section A – Workplace in the ESG Report

Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Please refer to Section A – Workplace in the ESG Report
KPI B2.1	Number and rate of work-related fatalities	Please refer to Section A – Workplace in the ESG Report
KPI B2.2	Lost days due to work injury	Please refer to Section A – Workplace in the ESG Report

Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Please refer to Section A – Workplace in the ESG Report
KPI B3.1	The percentage of employees trained by gender and employee category	All employees have received training

Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Please refer to Section A – Workplace in the ESG Report
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Please refer to Section A – Workplace in the ESG Report
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Please refer to Section A – Workplace in the ESG Report

Operating Practices

Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Please refer to Section B – Supply Chain Management in the ESG Report
KPI B5.1	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Please refer to Section B – Supply Chain Management in the ESG Report

Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Please refer to Section C – Product Responsibilities in the ESG Report
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	No product sold or shipped was recalled for safety and health reasons during the year
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Please refer to Section C – Product Responsibilities in the ESG Report
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Please refer to Section C – Product Responsibilities in the ESG Report
KPI B6.4	Description of quality assurance process and recall procedures	Please refer to Section C – Product Responsibilities in the ESG Report
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Please refer to Section C – Product Responsibilities in the ESG Report

Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Please refer to Section D – Anti-corruption in the ESG Report
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Please refer to Section D – Anti-corruption in the ESG Report
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Please refer to Section D – Anti-corruption in the ESG Report

Community

Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Please refer to Section F – Community Investment in the ESG Report
KPI B8.1	Focus areas of contribution	Please refer to Section F – Community Investment in the ESG Report
KPI B8.2	Resources contributed to the focus area	Please refer to Section F – Community Investment in the ESG Report

INDEPENDENT AUDITOR'S REPORT

elite partners

CERTIFIED PUBLIC ACCOUNTANTS

TO THE MEMBERS OF
EFT SOLUTIONS HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of EFT Solutions Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 68 to 131, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the applicable disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements for the year ended 31 March 2019. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter	How the matter was addressed in our audit
Impairment of trade receivables	
We had identified impairment of trade receivables as a key audit matter because significant judgements had to be made for the assessment of the recoverability for each debtor including trading history, credit history and estimated future cash flow. As disclosed in Note 22 to the consolidated financial statements, the carrying amount of trade receivables of the Group as at 31 March 2019 was approximately HK$54,022,000, net of allowance for doubtful debts of approximately HK$1,543,000.	Our procedures in relation to the impairment of trade receivables included: • Testing the accuracy of the ageing of receivables balances on a sample basis. • Assessing the reasonableness of management's loss allowance estimates on trade receivables by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances. • Testing on large individual aged receivables balances, understanding the rationale for management's provisioning decisions by reference to payment patterns during the year as well as other information available. • Assessing the level of cash collected by the business after the year end of past due receivable balances to consider any additional provisioning requirements.

Business combination

During the year ended 31 March 2019, the Group completed the acquisition of Earn World Development Limited and its subsidiaries ("**Earn World Group**"), which is engaged in provision of point-of-sale software solution services in Hong Kong and the People's Republic of China. We had identified business acquisition as a key audit matter because significant management judgement for purchase price allocation (i.e. intangible asset and remaining goodwill balance) and special attention on accounting treatment were required.

Our audit procedures to address the business acquisition included the following:

- examining the sales and purchase agreement for the acquisition and enquiring the management the basis determination of completion date of the acquisition and testing the supporting thereof;
- testing the purchase price allocation in which we especially focusing on the valuation of net assets amount and the intangible asset amount;
- discussing with management and the independent external valuer engaged by the Company to assess whether the methodology and assumptions adopted were reasonable;
- checking on a sample basis the accuracy and reliance of the input data used;
- assessing the competency of the independent external valuer taking into account its experience and qualifications; and
- testing the adequacy of the related disclosures.

Impairment of goodwill and intangible assets

As at 31 March 2019, the Group had goodwill and intangible assets of approximately HK$175,257,000 and HK$17,118,000 respectively, which were allocated to a cash generating unit. For the purpose of assessing impairment, the Group appointed an independent external valuer to assess the recoverable amount of the CGU, which were determined by management based on the higher of value-in-use and fair value less costs of disposal. The valuation requires significant judgement made by management in determining the CGU. We had identified impairment of goodwill and intangible assets as a key audit matter because significant management judgement was used to appropriately identify the CGU and to determine the key assumptions including estimated future income, operating margins and discount rates. After the management assessment, management has concluded that there is no impairment in respect of goodwill and intangible assets.

Our audit procedures to address the impairment assessment of goodwill and intangible assets included the following:

- Assessing the management's identification of CGU based on our understanding of the Group's operation;
- Assessing the reasonableness of the underlying cash flow projections used for the determination of the CGU prepared by management, including but not limited to calculation methodology, assumptions, growth rate, operating margins and discount rate;
- Comparing the current year actual cash flows with the prior year cash flow projections to consider if the projections included assumptions that were overly optimistic;
- Testing on the accuracy and reliance of the input data used for the preparation of the cash flow projection on a sample basis;
- Assessing the sensitivity analysis on key assumptions being used in the cash flow projection (e.g. using a range of higher discount rates and lower revenue growth rate).

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Siu Jimmy with Practising Certificate number P05898.

Elite Partners CPA Limited
Certified Public Accountants

10/F, 8 Observatory Road
Tsim Sha Tsui, Kowloon,
Hong Kong

14 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	6	**132,937**	94,148
Cost of goods sold and services		**(75,174)**	(45,315)
Gross profit		**57,763**	48,833
Other income	8	**1,686**	564
Other losses	9	**(5,450)**	(257)
Administrative expenses		**(23,384)**	(21,522)
Operating profit		**30,615**	27,618
Finance costs	10	**(9,083)**	(13)
Share of results of an associate		**(1,104)**	(214)
Profit before tax		**20,428**	27,391
Income tax expense	11	**(6,155)**	(5,693)
Profit for the year	12	**14,273**	21,698
Attributable to:			
Equity holders of the Company		**9,746**	21,698
Non-controlling interests		**4,527**	–
		14,273	21,698
Earnings per share for the profit attributable to the owners of the Company			
– Basic (HK cents)	15	**2.03**	4.52
– Diluted (HK cents)	15	**2.03**	4.46

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**14,273**	21,698
Other comprehensive income, net of tax		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**60**	–
Fair value change of financial assets at fair value through other comprehensive income	**(700)**	–
Total comprehensive income for the year	**13,633**	21,698
Total comprehensive income attributable to:		
Owners of the Company	**9,089**	21,698
Non-controlling interests	**4,544**	–
	13,633	21,698

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**5,664**	1,785
Intangible assets	17	**17,118**	–
Goodwill	18	**175,257**	–
Investment in an associate	19	**4,702**	4,937
Financial assets at fair value through other comprehensive income	20	**19,300**	–
Deposits	22	**302**	8,306
		222,343	15,028
CURRENT ASSETS			
Inventories	21	**5,211**	6,326
Trade and other receivables	22	**76,738**	66,855
Tax recoverable		**1,140**	–
Bank balances and cash	23	**38,206**	22,626
		121,295	95,807
CURRENT LIABILITIES			
Trade and other payables	24	**16,721**	16,022
Bank borrowings	25	**13,343**	5,000
Promissory notes	26	**61,849**	–
Tax payable		**5,401**	3,749
		97,314	24,771
NET CURRENT ASSETS		**23,981**	71,036
TOTAL ASSETS LESS CURRENT LIABILITIES		**246,324**	86,064

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT LIABILITIES			
Other payable	24	**3,200**	–
Promissory notes	26	**131,970**	–
Deferred tax liabilities		**2,801**	–
		137,971	–
NET ASSETS		**108,353**	86,064
CAPITAL AND RESERVES			
Share capital	27	**4,800**	4,800
Share premium and reserves		**90,320**	81,264
		95,120	86,064
Non-controlling interests		**13,233**	–
		108,353	86,064

The consolidated financial statements on pages 68 to 131 were approved and authorised for issue by the board of directors of the Company on 14 June 2019 and are signed on its behalf by:

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to the owners of the Company									
	Share capital HK$'000	**Share premium** HK$'000	**Special Reserve** HK$'000 *(Note)*	**Share option reserve** HK$'000	**FVTOCI reserve** HK$'000	**Exchange reserve** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
As at 1 April 2017	4,800	53,545	(10,228)	–	–	–	9,990	58,107	–	58,107
Profit and total comprehensive income for the year	–	–	–	–	–	–	21,698	21,698	–	21,698
Equity-settled share-based payment transactions	–	–	–	9,585	–	–	–	9,585	–	9,585
Forfeiture of share options	–	–	–	(3,734)	–	–	408	(3,326)	–	(3,326)
As at 31 March 2018	**4,800**	**53,545**	**(10,228)**	**5,851**	**–**	**–**	**32,096**	**86,064**	**–**	**86,064**
Adjustment on initial application of HKFRS 9	–	–	–	–	–	–	(33)	(33)	–	(33)
Adjusted balance as at 1 April 2018	4,800	53,545	(10,228)	5,851	–	–	32,063	86,031	–	86,031
Comprehensive income										
Profit for the year	–	–	–	–	–	–	9,746	9,746	4,527	14,273
Other comprehensive income										
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	–	–	–	43	–	43	17	60
Fair value changes of financial assets at fair value through other comprehensive income	–	–	–	–	(700)	–	–	(700)	–	(700)
Total comprehensive income	–	–	–	–	(700)	43	9,746	9,089	4,544	13,633
Transactions with owners										
Lapsed of share option	–	–	–	(5,851)	–	–	5,851	–	–	–
Non-controlling interests arising on business combinations	–	–	–	–	–	–	–	–	8,689	8,689
Total transactions with owners	–	–	–	(5,851)	–	–	5,851	–	8,689	8,689
As at 31 March 2019	4,800	53,545	(10,228)	–	(700)	43	47,660	95,120	13,233	108,353

Note: Special reserve represents the difference between the entire issued shares of EFT Solutions Limited ("**EFT**") acquired by the Group amounting to HK$100 and the consideration for acquiring EFT by EFT Solutions International Limited ("**EFT Solutions International**"), a wholly-owned subsidiary of the Group, amounting to approximately HK$10,228,000 pursuant to the reorganisation, the details of which are set out in the prospectus of the Company dated 5 December 2016.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**20,428**	27,391
Adjustments for:		
Change in fair value of derivative financial instrument	**3,321**	–
(Gain)/Loss on disposal of property, plant and equipment	**(166)**	16
Depreciation of property, plant and equipment	**1,888**	864
Bank interest income	**(13)**	(4)
Amortisation of intangible assets	**1,632**	–
Forfeiture of share options	**–**	(3,326)
Share-based payment expenses	**–**	9,585
Finance costs	**9,083**	13
Allowance for doubtful debts	**1,342**	7
Share of results of an associate	**1,104**	214
Operating cash flows before movements in working capital	**38,619**	34,760
Decrease/(Increase) in inventories	**1,115**	(5,366)
Decrease/(Increase) in trade and other receivables	**16,798**	(60,195)
(Decrease)/Increase in trade and other payables	**(5,670)**	10,622
Cash generated from/(used in) operations	**50,862**	(20,179)
Income taxes paid	**(8,728)**	(1,499)
NET CASH GENERATED FROM/(USED IN) OPERATIONS	**42,134**	(21,678)
INVESTING ACTIVITIES		
Purchase of intangible asset	**(2,298)**	–
Proceeds from disposal of property, plant and equipments	**527**	–
Purchase of property, plant and equipment	**(5,883)**	(1,642)
Rental deposit received/(paid)	**4**	(60)
Investment in an associate	**(869)**	(5,151)
Bank interest income	**13**	4
Investment in financial asset at fair value through other comprehensive income	**(20,000)**	–
Cash outflow from acquisition of subsidiaries	**(6,247)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(34,753)**	(6,849)

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
FINANCING ACTIVITIES		
Proceeds from bank borrowings	**13,344**	5,000
Repayment of bank borrowings	**(5,000)**	(314)
Interest paid	**(203)**	(10)
Advance to a director	**–**	(1,182)
Repayment from a director	**–**	1,182
Repayment from a related company	**–**	57
NET CASH GENERATED FROM FINANCING ACTIVITIES	**8,141**	4,733
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**15,522**	(23,794)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	**22,626**	46,420
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**58**	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR,		
Representing bank balances and cash	**38,206**	22,626

1. GENERAL

EFT Solutions Holdings Limited (the "**Company**") was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 26 May 2016. Its registered office is located at Estera Trust (Cayman) Limited, Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is located at Workshops B1 & B3, 11/F, 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 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. During the year ended 31 March 2019, the Group entered into the provision of point-of-sale ("**POS**") software solution services in Hong Kong and People's Republic of China ("**PRC**") through the acquisition of 70% of the issued share capital of Earn World Development Limited ("**Earn World Development**"), together with its subsidiaries, ("**Earn World Group**") on 31 May 2018 and provision of embedded system solution services in Australia through the subscription of shares of Newport Tek Pty Ltd ("**Newport**"), which represented 75% of Newport's shareholdings. Its parent and ultimate holding company is LCK Group Limited ("**LCK**"), a private company incorporated in the British Virgin Islands (the "**BVI**"). Its ultimate controlling party is Mr. Lo Chun Kit, Andrew ("**Mr. Lo**" or the "**Controlling Shareholder**").

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Rules Governing the listing of securities on GEM of the Stock Exchange and Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities (including derivative financial instruments, promissory notes) at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

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

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sourcing of EFT-POS terminals and peripheral devices
- Provision of system support and software solution services

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and other items (for example, contract assets, lease receivables and financial guarantee contracts).

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Summary of effects arising from initial application of HKFRS 9

	Trade receivables HK$'000
At 31 March 2018 under HKAS 39	42,716
Remeasurement	
Recognition of ECLs on trade receivables	(33)
At 1 April 2018 under HKFRS 9	42,683

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

New and Amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2021.

3 Effective for business combinations and assets acquisitions for which the acquisition date is on or after the first period beginning on or after 1 January 2020.

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

5 Effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 Leases

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale.

HKFRS 16 also includes requirements relating to subleases and lease modifications. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

HKFRS 16 Leases *(continued)*

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$3,299,000 as disclosed in note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$246,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

4. SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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, assets and liabilities of associate are incorporated in the consolidated financial statements using the equity method of accounting, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The financial statements of associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associate are initially recognised in the consolidated statement 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 equals or exceeds its 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 that associate.

The requirements of HKAS 39 Financial Instrument: Recognition and Measurement are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost 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.

Where a group entity transacts with its associate profits or losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the interests in the associate that are not related to the Group.

Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase. Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment. On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

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

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

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

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Enterprise Resource Planning ("**ERP**") retail software	10 years
Terminal management system	5 years

Both the period and method of amortisation are reviewed annually. Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets

Classification of financial assets

Accounting policy prior to 1 January 2018

All financial assets are initially measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets held for trading and those designated at fair value through profit or loss) (FVTPL) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of held for trading and FVTPL investments are recognised in profit or loss immediately.

Financial assets that are classified as "loans and receivables" or "held-to-maturity investments" are subsequently measured at amortised cost using an effective interest rate, less impairment.

Available-for-sale (AFS) equity investments are subsequently measured at fair value with changes in fair value being recognised in other comprehensive income accumulated under "AFS investment revaluation reserve". Amounts previously recognised in "AFS investment revaluation reserve" are reclassified to profit or loss upon impairment or disposal.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are subsequently measured at cost less impairment.

Dividends from AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-debt investments are subsequently measured at fair value with changes in fair value being recognised in other comprehensive income accumulated under "AFS investment revaluation reserve" except for (a) interest income measured using the effective interest method and (b) foreign exchange gains or losses determined based on the amortised cost of debt investments are recognised in profit or loss.

Held-for-trading investments and FVTPL assets are subsequently measured at fair value, with changes in fair value being recognised in profit or loss.

Accounting policy from to 1 January 2018

Investments in equity securities (other than investments in subsidiaries, associates and joint ventures)
An investment in equity securities is measured fair value on initial recognition. An investment in equity securities is subsequently measured at FVTPL unless the investment is designated as at fair value through other comprehensive income (FVTOCI) as at date of initial application of HKFRS 9 based on the specific transitional provisions set out in HKFRS 9. Under HKFRS 9, an investment in equity securities can be designated as at FVTOCI on an instrument-by-instrument basis provided that the investment is neither held-for-trading nor contingent consideration recognised by the Group in a business combination to which HKFRS 3 applies.

For investments in equity securities designated as at FVTOCI (as described above), fair value changes are recognised in other comprehensive income and accumulated in the "FVTOCI (equity investment) reserve". Such fair value changes will not be reclassified to profit or loss when the investments are derecognised. However, they will be transferred to the Group's retained earnings when the investments are derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Classification of financial assets *(continued)*

Accounting policy from to 1 January 2018 (continued)

Investments in equity securities (other than investments in subsidiaries, associates and joint ventures) *(continued)*
For investments in equity securities that are held-for-trading or not designated as at FVTOCI (as described above), they are subsequently measured at fair value through profit or loss (FVTPL) such that changes in fair value are recognised in profit or loss.

An investment is equity securities is derecognised when the Group sells the investment.

Investments in debt securities

An investment in debt securities is classified as follows depending on the instruments' contractual cash flow characteristics and the Group's business model for managing the investment:

- Amortised cost when (a) the contractual terms of the asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding and (b) the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows.

- FVTOCI when (a) the contractual terms of the asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding and (b) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset.

- FVTPL when either (a) the contractual terms of the asset give rise on specified dates to cash flows that are not solely payment of principal and interest on the principal amount outstanding or (b) the financial asset is held within a business whose objective is neither (i) collecting contractual cash flows nor (ii) collecting contractual cash flows and selling the financial asset.

For investments in debt securities subsequently measured at FVTOCI, fair value changes are recognised in other comprehensive income and accumulated in the "FVTOCI (debt investment) reserve" except for impairment loss (see below) and foreign exchange gains or losses. Interest income is calculated using the effective interest method and is recognised in profit or loss. When an investment in debt securities is derecognised, the fair value changes previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

An investment is debt securities is derecognised when the Group sells the investment or when the contractual rights to the cash flows from the asset expire.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Classification of financial assets *(continued)*

Accounting policy from to 1 January 2018 (continued)

Transaction costs

Transaction costs directly attributable for the acquisition of financial assets (other than those classified or designated as at FVTPL) are included in the initial measurement of the financial assets. For financial assets subsequently measured at amortised cost, such transaction costs are included in the calculation of amortised cost using the effective interest method (i.e. in effect amortised through profit or loss over the lives of the financial assets). For investments in equity securities at FVTOCI, such transaction costs are recognised in other comprehensive income as part of change in fair value at the next remeasurement. For investments in debt securities classified as FVTOCI, such transaction costs are amortised to profit or loss using the effective interest method (i.e. in effect amortised through profit or loss over the lives of the financial assets).

Impairment on financial assets

Accounting policy prior to 1 January 2018

Prior to 1 January 2018, the Group had adopted "incurred loss model" in assessing and measuring impairment losses on financial assets. Under the "incurred loss model", an impairment loss was recognised when there was objective indicators of impairment which included:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technology, market, economic or legal environment that have an adverse effect on the debtor.

Accounting policy from 1 January 2018

The Group has applied the expected credit loss model under HKFRS 9 to the following types of financial assets:

- financial assets that are subsequently measured at amortised cost (including cash and cash equivalents and trade receivables);
- contract assets as defined in HKFRS 15; and
- investments in debt securities that are subsequently measured at FVTOCI;

Expected credit loss (ECL) of a financial asset is measured based on an unbiased and probability-weighted amount. It also reflects the time value of money and reasonable and supportable information that is available to the Group without undue cost or effect at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Impairment on financial assets *(continued)*

Accounting policy from 1 January 2018 (continued)

ECL is measured on either of the following bases:

- 12-month expected credit loss when, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition; and
- Lifetime expected credit loss when (a) at the reporting date, the credit risk on a financial asset has increased significantly since initial recognition; or (b) at the reporting date, the financial asset has become credit-impaired.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers quantitative and qualitative reasonable and supportable information that is available to the Group without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Specifically, the following information has been taken into account in assessing whether the credit risk on a financial asset has significantly increased since initial recognition:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception.
- Significant changes in terms of existing financial assets if the asset was newly originated or issued at the reporting date.
- Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life.
- An actual or expected significant change in the financial instrument's external credit rating.
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations (e.g. actual or expected increase in interest rates or an actual or expected significant increase in unemployment rates).
- Actual or expected significant change in the operating results of the borrower.
- Significant change in the quality of guarantee provided.
- Contractual cash flows are more than 30s past due.

In making the abovementioned assessment, the Group considers that a default occurs when (a) it is unlikely that the borrower will be able to settle his/her debts in full and (b) the financial asset is more than 90 days past due.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Impairment on financial assets *(continued)*

Accounting policy from 1 January 2018 (continued)

ECL is remeasured at the end of each reporting period to reflect changes in financial asset's credit risk since initial recognition. Changes in ECL are recognised in profit or loss with the corresponding adjustment to the carrying amount of the asset through a loss allowance account, except for investments in debt securities that are subsequently measured at FVTOCI for which the corresponding adjustment is recognised in other comprehensive income and accumulated in "FVTOCI (debt investment) reserve".

For trade receivables and contract assets without significant financing component, ECL is always measured at an amount equal to lifetime expected credit losses.

At the end of each of the reporting period, the Group assesses whether its financial assets have become credit impaired.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the time when the Group assesses and concludes that the debtor is unable to settle the debts in full or part of the debts.

Trade and other receivables

Accounting policy prior to 1 January 2018

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect the amounts due.

Accounting policy from 1 January 2018

Trade receivables are recognised when the Group has an unconditional right to receive consideration. The Group has an unconditional right to receive consideration when only the passage of time is required before payment of the consideration is due.

For the Group's trade receivables, ECL is always measured at an amount equal to lifetime expected credit losses. In particular, ECL is estimated using a provision of matrix based on the Group's historical credit loss experience, adjusted for (a) information that is specific to particular debtors and (b) forward-looking information based on the current and forecast general economic conditions available to the Group without undue cost or effort at the reporting date. ECL is recognised in profit or loss with the corresponding adjustment to the carrying amount of the trade receivables through a loss allowance account.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the time when the Group assesses and concludes that the debtor is unable to settle the debts in full or part of the debts.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Trade and other receivables *(continued)*

Contract assets and contract liabilities

Accounting policy from 1 January 2018

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with a customer, either a net contract asset or a net contract liability is presented. Contracts assets and contract liabilities arising from unrelated multiple contracts are not presented on a net basis.

As mentioned in Note 3, the Group has applied HKFRS 15 for the first time for the current year using the cumulative effect transition method. Adjustments were made as at 1 January 2018 to reclassify certain amounts from "trade and other receivables" and "gross amount due from customers" to "contract assets" and certain amounts from 'trade and other payables" and "gross amount due to customers" to "contract liabilities".

For the Group's contract assets, ECL is always measured at an amount equal to lifetime expected credit losses. In particular, ECL is estimated using a provision of matrix based on the Group's historical credit loss experience, adjusted for (a) information that is specific to particular customers available and (b) forward-looking information based on the current and forecast general economic conditions at the reporting date. ECL is recognised in profit or loss with the corresponding adjustment to the carrying amount of the contract assets through a loss allowance account.

The Group directly reduces the gross carrying amount of a contract asset when the Group has no reasonable expectations of recovering a contract asset in its entirety or a portion thereof. This is generally the time when the Group assesses and concludes that the Group is unable to recover the costs.

Financial liabilities

Accounting policy prior to 1 January 2018

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Accounting policy prior to 1 January 2018 (continued)

Effective interest method (continued)

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

Equity instruments

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

Derecognition

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

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

Accounting policy from 1 January 2018

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Accounting policy prior to 1 January 2018 (continued)

Financial liabilities at fair value through profit or loss (continued)

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

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

Effective interest method

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

Equity instruments

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

Derecognition

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

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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) *System support services*

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

(ii) *Software solution services*

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

Borrowing costs

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

Leasing

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

The Group as lessor

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

The Group as lessee

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("**foreign currency**") are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on 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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in translation reserve.

Retirement benefit costs

The Group operated the Mandatory Provident Fund Scheme ("**MPF Scheme**") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The payments to MPF Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the People's Republic of China (the "**PRC**") and Australia are recognised as an expense in profit or loss as incurred.

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options ("**Option**(**s**)") granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share options reserve.

At the end of the reporting period, the Group revises its estimates of the number of Options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the Options are exercised, the amount previously recognised in share options reserve will be transferred to share capital. When the Options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

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

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

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

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

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

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

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

Impairment losses on tangible assets

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses on tangible assets *(continued)*

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except leasing transactions that are within the scope of HKAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

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

(b) An entity is related to the Group if any of the following conditions applies:

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

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

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

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

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

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

(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).

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

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.

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

Estimated impairment of trade receivables

Trade receivables are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recorded. Objective evidence of impairment includes the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. If there is a change in the objective evidence of impairment in relation to the trade debtors, the actual impairment loss would be higher or lower than the allowance for doubtful debts recognised in the consolidated financial statements. The carrying amount of trade receivables as at 31 March 2019 was approximately HK$54,022,000 (2018: HK$42,716,000), net of allowance for doubtful debts of approximately HK$1,543,000 (2018: HK$168,000).

6. REVENUE

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

	2019 **HK$'000**	2018 HK$'000
Sourcing of EFT-POS terminals and peripheral devices	**50,008**	31,386
Provision of system support and software solution services	**82,929**	62,762
	132,937	94,148

7. SEGMENT INFORMATION

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

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

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

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

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

Year ended 31 March 2019

	Sale of hardware devices HK$'000	System support and software solution services HK$'000	Consolidated HK$'000
Segment revenue – external customers	**50,008**	**82,929**	**132,937**
Segment results	**22,498**	**34,253**	**56,751**
Other income			**1,189**
Finance costs			**(9,083)**
Share of results of an associate			**(1,104)**
Unallocated expenses			**(27,325)**
Profit before tax			**20,428**

7. SEGMENT INFORMATION *(continued)*

Year ended 31 March 2018

	Sale of hardware devices HK$'000	System support and software solution services HK$'000	Consolidated HK$'000
Segment revenue – external customers	31,386	62,762	94,148
Segment results	12,062	37,065	49,127
Other income			45
Finance costs			(13)
Share of results of an associate			(214)
Unallocated expenses			(21,554)
Profit before tax			27,391

Segment results represent the profit earned by each segment without allocation of certain other income, finance costs, share of results of an associate and other unallocated expenses including depreciation and amortization expenses, fair value losses of financial asset at fair value through profit or loss and derivative financial instruments and directors' remuneration that are not directly attributable to segments as disclosed in the above table. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

7. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

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

	2019 HK$'000	2018 HK$'000
Segment assets		
Sale of hardware devices	26,174	14,566
System support and software solution services	43,850	35,615
Total segment assets	70,024	50,181
Unallocated assets:		
Property, plant and equipment	5,664	1,785
Goodwill	175,257	–
Intangible assets	17,118	–
Investment in an associate	4,702	4,937
Financial asset at fair value through profit or loss	19,300	–
Prepayment and deposits	12,227	31,306
Tax recoverable	1,140	–
Bank balances and cash	38,206	22,626
Consolidated assets	343,638	110,835
Segment liabilities		
Sale of hardware devices	8,561	9,252
System support and software solution services	7,359	6,591
Total segment liabilities	15,920	15,843
Unallocated liabilities:		
Other payables and accrued expenses	3,564	5,179
Bank borrowings	7,380	–
Promissory notes	200,219	–
Deferred tax liabilities	2,801	–
Tax payable	5,401	3,749
Consolidated liabilities	235,285	24,771

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, goodwill, intangible assets, investment in an associate, financial asset at fair value through profit or loss, certain prepayment and deposits tax recoverable and bank balances and cash that are not attributable to respective segment.

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

7. SEGMENT INFORMATION *(continued)*

Other segment information

Year ended 31 March 2019

	Sale of hardware devices HK$'000	System support and software solution services HK$'000	Consolidated HK$'000
Allowance for doubtful debts	**8**	**1,535**	**1,543**

Year ended 31 March 2018

	Sale of hardware devices HK$'000	System support and software solution services HK$'000	Consolidated HK$'000
Allowance for doubtful debts	8	160	168

Geographical information

Non-current assets by geographical location

An analysis of the Group's non-current assets by geographical location is as follows:

	2019 HK$'000	2018 HK$'000
Hong Kong	**215,332**	10,091
Australia	**7,011**	4,937
	222,343	15,028

7. SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

Revenue by geographical location

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

	2019 **HK$'000**	2018 HK$'000
Hong Kong	**112,093**	86,208
Macau	**10,120**	5,957
Australia	**9,809**	1,935
Others	**915**	48
	132,937	94,148

Information about major customers

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

	2019 **HK$'000**	2018 HK$'000
Customer A from system support and software solution services segment	**17,503**	17,827
Customer B from sale of hardware devices and system support and software solution services segments	**14,591**	9,517
	32,094	27,344

8. OTHER INCOME

	2019 **HK$'000**	2018 HK$'000
Management fee income from a related company	**–**	20
Rental income from a related company	**–**	21
Bank interest income	**13**	4
Gain on disposal of property, plant and equipment	**337**	–
Income from delivery cost recharged to customers	**497**	519
Deregistration of the subsidiary	**839**	–
	1,686	564

9. OTHER LOSSES

	2019 HK$'000	2018 HK$'000
Net exchange losses	**116**	234
Allowance for doubtful debt	**1,342**	7
Fair value losses on financial asset at fair value through profit or loss and derivative financial instruments	**3,321**	–
Loss on written off of property, plant and equipment	**171**	16
Compensation of operations loss	**500**	–
	5,450	257

10. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on bank and other borrowings	**203**	13
Interest on promissory notes	**8,880**	–
	9,083	13

11. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Current tax:		
Hong Kong Profits Tax	**6,291**	5,693
Overseas income tax	**90**	–
Total current income tax	**6,381**	5,693
Deferred income tax	**(226)**	–
Total tax charge for the year	**6,155**	5,693

Hong Kong Profits Tax has been provided for at the rate of 8.25% on the estimated assessable profits which is less or equivalent to HK$2,000,000 and 16.5% on the estimated assessable profits which is more than HK$2,000,000 (2018: 16.5%).

Tax on overseas profits in Australia and Macau has been calculated at the prevailing tax rate based on existing legislation, interpretations and practices in respect thereof.

No provision for the PRC corporate income tax has been made as the Group did not generate any taxable profits in the PRC for both years. 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 for both years.

11. INCOME TAX EXPENSE *(continued)*

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

	2019	2018
	HK$'000	HK$'000
Profit before tax	**20,428**	27,391
Tax at the Hong Kong Profits Tax rate	**3,206**	4,519
Tax effect of income not taxable for tax purpose	**(287)**	(549)
Tax effect of expenses not deductible for tax purpose	**2,935**	1,828
Tax effect of deductible temporary differences not recognised	**156**	(102)
Underprovision in respect of prior year	**83**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**62**	(3)
Tax expense for the year	**6,155**	5,693

12. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration *(Note 13)*		
– salaries and allowances	**2,868**	3,495
– discretionary bonus	**100**	2,080
– retirement benefits scheme contribution	**36**	36
– share-based payment expenses	**–**	5,851
Other staff costs		
– salaries and allowances	**18,423**	14,993
– discretionary bonus	**583**	1,449
– retirement benefits scheme contribution	**834**	676
– share-based payment expenses	**–**	408
Total employee benefits expenses (including directors' emoluments)	**22,844**	28,988
Auditor's remuneration	**600**	600
Cost of inventories recognised as expense	**26,942**	19,208
Depreciation of property, plant and equipment	**1,888**	864

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

Directors' and chief executive's emoluments

The emoluments paid or payable to each of the Directors of the Company for the years ended 31 March 2018 and 31 March 2019, calculated with reference to their employment as Directors of the Company or for provision of other services to the Company and the Group, are set out below:

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000 *(Note b)*	Share-based payment expenses HK$'000 *(Note c)*	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2019						
Executive Directors *(Note a)*						
Lo Chun Kit Andrew	240	1,260	–	–	18	1,518
Lo Chun Wa	144	480	100	–	18	742
Non-executive Directors						
Lam Ching Man	144	–	–	–	–	144
Lui Hin Weng Samuel	144	–	–	–	–	144
Chan Lung Ming *(Note d)*	24	–	–	–	–	24
Independent non-executive Directors						
Lam Keung	142	–	–	–	–	142
Yang Eugenia	144	–	–	–	–	144
Ng Ming Fai	144	–	–	–	–	144
Wu Wing Kuen *(Note e)*	2	–	–	–	–	2
	1,128	1,740	100	–	36	3,004

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

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

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000 *(Note b)*	Share-based payment expense HK$'000 *(Note c)*	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2018						
Executive Directors *(Note a)*						
Lo Chun Kit Andrew	240	1,960	2,000	905	18	5,123
Chan Lung Ming *(Note d)*	–	–	–	3,136	–	3,136
Lo Chun Wa	144	480	80	905	18	1,627
Non-executive Directors						
Lam Ching Man	144	–	–	905	–	1,049
Lui Hin Weng Samuel	144	–	–	–	–	144
Independent non-executive Directors						
Lam Keung *(Note f)*	144	–	–	–	–	144
Yang Eugenia	96	–	–	–	–	96
Ng Ming Fai	64	–	–	–	–	64
Pang Ho Man Victor *(Note g)*	79	–	–	–	–	79
	1,055	2,440	2,080	5,851	36	11,462

(a) The executive Directors' emoluments shown above were for the services in connection with the management of the affairs of the Group.

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

(c) Share-based payment expenses are the fair values of Options granted to executive Directors and non-executive Director, which are determined at the date of grant and expensed over the vesting period (except where Options are forfeited before vesting), regardless of whether the executive Directors and non-executive Director exercise the Options or not during the year. Details of the Share Option Scheme are set out in Note 28 of Notes to the Consolidated Financial Statements section.

(d) Mr. Chan was re-designated from an executive Director to a non-executive Director of the Company in February 2019.

(e) Dr. Wu was appointed as an independent non-executive Director of the Company in March 2019.

(f) Mr. Lam Keung resigned as an independent non-executive Director in March 2019.

(g) Mr. Pang Ho Man Victor resigned as an independent non-executive Director of the Company in October 2017.

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

Employees' remuneration

The five highest paid individuals with the highest emoluments in the Group include 2 (2018: 4) directors, details of their emoluments are set out in the disclosure above. The remuneration for the remaining 3 (2018: 1) individual is as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries and allowances	**1,797**	720
Discretionary bonus	**635**	180
Retirement benefits scheme contribution	**108**	18
	2,540	918

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

	Year ended 31 March	
	2019 **No. of employees**	2018 No. of employees
Nil to HK$1,000,000	**3**	1

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year (2018: nil), nor has any dividend been proposed since the end of the reporting period.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for both years is based on the following data:

	2019 **HK$'000**	2018 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**9,746**	21,698

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**480,000**	480,000
Effect of dilutive potential ordinary shares on share options	**–**	6,439
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**480,000**	486,439

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furnitures and fixtures HK$'000	Office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
COST					
As at 1 April 2017	1,590	220	1,172	–	2,982
Additions	10	68	880	684	1,642
Disposal	–	–	(59)	–	(59)
Written off	–	–	(19)	–	(19)
As at 31 March 2018	1,600	288	1,974	684	4,546
Additions	3,274	154	1,804	651	5,883
Acquisitions of subsidiaries	–	–	–	245	245
Disposal	(1,599)	(197)	(457)	(245)	(2,498)
As at 31 March 2019	**3,275**	**245**	**3,321**	**1,335**	**8,176**
ACCUMULATED DEPRECIATION					
As at 1 April 2017	1,360	82	460	–	1,902
Provided for the year	165	51	477	171	864
Eliminated on disposal	–	–	(2)	–	(2)
Eliminated on written off	–	–	(3)	–	(3)
As at 31 March 2018	1,525	133	932	171	2,761
Provided for the year	702	40	830	316	1,888
Eliminated on disposal	(1,538)	(114)	(396)	(89)	(2,137)
As at 31 March 2019	**689**	**59**	**1,366**	**398**	**2,512**
CARRYING VALUES					
As at 31 March 2019	**2,586**	**186**	**1,955**	**937**	**5,664**
As at 31 March 2018	75	155	1,042	513	1,785

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%
Motor vehicle	30%

17. INTANGIBLE ASSETS

	ERP retail software HK$'000 *(Note a)*	Terminal management system HK$'000 *(Note b)*	Total HK$'000
COST			
As at 1 April 2017 and 31 March 2018	–	–	–
Addition	–	2,298	2,298
Acquisition of subsidiaries	16,452	–	16,452
As at 31 March 2019	**16,452**	**2,298**	**18,750**
ACCUMULATED AMORTISATION AND IMPAIRMENT			
As at 1 April 2017 and 31 March 2018	–	–	–
Charge for the year	(1,371)	(261)	(1,632)
As at 31 March 2019	(1,371)	(261)	(1,632)
CARRYING VALUES			
As at 31 March 2019	**15,081**	**2,037**	**17,118**
As at 31 March 2018	–	–	–

Notes:

(a) It represented the technologies in relation to the provision of POS software for end user acquired by the Group through the acquisition of Earn World Group during the year.

(b) It represented the technologies in relation to the management of EFT-POS terminals through cloud computing acquired by the Group through the acquisition of Newport during the year.

18. GOODWILL

	2019 HK$'000	2018 HK$'000
At 1 April	–	–
Acquisition of subsidiaries	175,257	–
At 31 March	175,257	–

During the year ended 31 March 2019, the Group acquired 70% issued share capital of Earn World Development Limited and its subsidiaries (the "**Earn World Group**") and therefore goodwill of approximately HK$175,257,000 was recognised upon completion of the acquisition.

The recoverable amount of the CGU estimated by management is determined based on value-in-use calculation. The cash flow projections prepared by management of the Group are based on financial budgets covering a five-year period. Key assumptions used in the preparation of the cash flow projections are as follow:

– the cash flows beyond the 5-year period have been extrapolated using a steady 3% per annum growth rate.

– Discount rate: 20% per annum.

19. INVESTMENT IN AN ASSOCIATE

	2019 HK$'000	2018 HK$'000
Unlisted shares, at cost	6,020	5,151
Share of results of an associate	(1,318)	(214)
	4,702	4,937

As at 31 March 2019, the Group had interest in the following associate:

Name	Please of incorporation and operation	Percentage of interest in ownership held by the Group		Principle activities
		2019	2018	
Open Sparkz Pty Ltd	Australia	20.02%	21.97%	Specialising in highly automated offers and rewards solutions using front of wallet credit, debit and prepaid cards

The share of loss of an associate for the year ended 31 March 2019 was approximately HK$1,104,000 (2018: HK$214,000).

20. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 HK$'000	2018 HK$'000
Unlisted equity securities, at fair value	19,300	–

These investments were designated by management as at FVTOCI on initial recognition. These investments are not held-for-trading and are held for long-term strategic purpose. Accordingly, management believes that the FVTOCI classification is appropriate for these investments.

FVTOCI	Fair value hierarchy	Valuation methodology and inputs	Significant on unobservable inputs	Fair value as at 31 March 2019 HK$'000	Fair value as at 31 March 2018
Company A	Level 3	DCF	Discount rate: 24%	7,200	N/A
Company B	Level 3	DCF	Discount rate: 22%	4,100	N/A
Company C	Level 3	DCF	Discount rate: 22%	4,300	N/A
Company D	Level 3	DCF	Discount rate: 22%	3,700	N/A

There are no transfer between level 1 and level 2 for the year.

21. INVENTORIES

	2019 HK$'000	2018 HK$'000
Finished goods	**5,211**	6,326

22. TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Current assets		
Trade receivables	**54,022**	42,716
Prepayment and other deposits	**22,716**	24,139
Total	**76,738**	66,855

	2019 HK$'000	2018 HK$'000
Non-current asset		
Rental deposits paid to the Lo's Family and Mr. Lo Chun Wa *(Note a)*	**246**	246
Rental deposits paid to an independent landlord	**56**	60
Investment deposit *(Note b)*	**–**	8,000
Total	**302**	8,306

Notes:

(a) The properties owned by Mr. Lo and his spouse, Ms. Lam Ching Man ("**Ms. Lam**", collectively referred to as the "**Lo's Family**") and Mr. Lo Chun Wa are used as the office premises of the Group in Hong Kong.

(b) As at 31 March 2018, investment deposit represented the deposit paid to Hung Wai Holdings Limited ("**Hung Wai**") as an earnest money for the proposed investment, of which Mr. Lo holds 25% of its shareholdings. On 15 January 2019, the MOU dated 25 October 2017 entered into between Hung Wai and the Company for the proposed investment has been terminated and the deposit of HK$8.0 million as earnest money has been returned to the Company.

22. TRADE AND OTHER RECEIVABLES *(continued)*

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

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

	2019	2018
	HK$'000	HK$'000
Within 30 days	**23,056**	7,796
31 – 60 days	**10,209**	5,133
61 – 90 days	**4,307**	10,710
91 – 180 days	**6,542**	9,688
181 – 365 days	**5,041**	9,263
Over 365 days	**4,867**	126
	54,022	42,716

Included in the Group's trade receivables balance are debtors as at 31 March 2019 with an aggregate carrying amount of approximately HK$30,904,000 (2018: HK$34,919,000) which are past due at the end of reporting period which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances. All of the trade receivables that are neither past due nor impaired have good credit quality assessed by the Group.

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

	2019	2018
	HK$'000	HK$'000
Overdue:		
1 – 30 days	**10,019**	5,133
31 – 60 days	**4,307**	10,710
61 – 90 days	**740**	196
91 – 180 days	**8,575**	14,632
181 – 365 days	**2,691**	4,122
Over 365 days	**4,572**	126
	30,904	34,919

22. TRADE AND OTHER RECEIVABLES *(continued)*

Movement in the allowance for trade receivables

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Balance at beginning of the year	**168**	161
Adjustment on initial application of HKFRS 9	**33**	–
Adjusted balance as at 1 April	**201**	161
Impairment losses recognised on receivables	**1,342**	7
Balance at end of the year	**1,543**	168

Included in trade receivables as at 31 March 2019 are amounts net of individually impaired receivables amounting to approximately HK$1,543,000 (2018: HK$168,000). The management has reviewed the repayment history of these long overdue customers, considering their deteriorating credit quality and no amount had been settled subsequent to the end of the reporting period, accordingly, full impairment was recognised.

23. BANK BALANCES AND CASH

Bank balances carry interests at prevailing market rates at 0.01% (2018: 0.01%) per annum.

24. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	HK$'000
Trade payables	**3,890**	7,138
Deferred revenue	**4,915**	1,983
Other payables and accrued expenses *(Note)*	**11,116**	6,901
	19,921	16,022
Less: Non-current portion of other payables	**(3,200)**	–
Current portion	**16,721**	16,022

Note: As at 31 March 2018, included in other payables and accrued expenses above, approximately HK$2.7 million represented the deposits received from EFT Payments (Asia) Limited, of which Mr. Lo holds 100% of its shareholdings.

24. TRADE AND OTHER PAYABLES *(continued)*

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

	2019 HK$'000	2018 HK$'000
Within 30 days	2,528	2,102
31 – 60 days	773	168
61 – 90 days	343	4,837
Over 90 days	246	31
	3,890	7,138

25. BANK BORROWINGS

	2019			2018		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – unsecured	3.76%	Within 1 year or on demand	13,343	3.50%	Within 1 year or on demand	5,000

	2019 HK$'000	2018 HK$'000
Analysed into:		
Bank loans repayable:		
Within 1 year or on demand	13,343	5,000

In March 2019, the Group has drawn loans for Import trade (the "Import Trade loan") and loans for tax (the "Tax loan") with principal amount of approximately HK$6.0 million (2018: HK$5.0 million) and HK$7.3 million respectively (2018: nil). As at 31 March 2019, the carrying amount of the Import trade Loan and the Tax loan was approximately HK$13.3 million (2018: HK$5 million).

The Import Trade loans are fixed-rate borrowings with the fixed Interest rate from 3.32% to 3.83% (2018: 3.50%) per annum at the end of the reporting period.

The Tax loan is fixed-rate borrowings with the fixed interest rate 3.80% (2018: Nil) per annum at the end of the reporting period.

26. PROMISSORY NOTE

	2019 HK$'000	2018 HK$'000
At 1 April	**–**	–
Issue of promissory note upon acquisition of Earn World Group *(note)*	**184,939**	–
Accrued interest charged	**8,880**	–
At 31 March	**193,819**	–

Note: On 1 June 2018, the Company issued promissory notes for an aggregate principal amount of HK$194,000,000 at 4% interest per annum (the "**PNs**") upon completion of the acquisition of Earn World Group to Earn World Enterprises Limited (the "**Vendor**"), independent third parties not connected to the Group. The PNs are carried at amortised cost.

The maturity date of the PNs are follows:

Principal amount	Maturity date
HK$60,000,000 (the "**1st Promissory Note**")	30 June 2019*
HK$32,000,000 (the "**2nd Promissory Note**")	30 June 2020
HK$32,000,000 (the "**3rd Promissory Note**")	30 June 2021
HK$70,000,000 (the "**4th Promissory Note**")	30 June 2022

* On 27 May 2019, the Vendor and the Company have agreed to extend the maturity of the 1st Promissory Note to 30 June 2020.

27. SHARE CAPITAL

	Number of shares	Amount HK$
Ordinary shares of HK$0.01 each		
Authorised:		
As at 31 March 2018 and 31 March 2019	780,000,000	7,800,000
Issued and fully paid:		
As at 31 March 2018 and 31 March 2019	480,000,000	4,800,000

28. SHARE-BASED PAYMENT TRANSACTION

a. Equity-settled share option scheme

A share option scheme was adopted and approved by the Shareholders on 23 November 2016 (the "**Share Option Scheme**").

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

Eligible participants of Share Option Scheme include:

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

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

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

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

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

(b) quality of work performed for the Group;

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

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

The maximum number of 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 schemes for the time being of the Company shall not exceed 30% of the shares in issue from time to time. Share options of the Company which are lapsed or cancelled for the time being shall not be counted for the purpose of calculating the said 30% limit and the maximum number of shares which may be issued upon exercise of all Options granted and to be granted under the Share Option Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of approval of the Share Option Scheme unless approval for refreshing the 10% limit from the Company's shareholders has been obtained. The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, outstanding Options and Shares which were the subject of Options which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled (the "**Cancelled Shares**") to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of Options in excess of this 1% limit shall be subject to the issue of a circular and the approval of the Shareholders in general meeting.

28. SHARE-BASED PAYMENT TRANSACTION *(continued)*

a. Equity-settled share option scheme *(continued)*

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of ten years from that date. Upon acceptance of an Option to subscribe for Shares granted pursuant to the scheme, the eligible participant shall pay HK$1.00 to the Company as consideration for the grant. The subscription price for the Shares subject to the Options will be a price determined by the Board and notified to each participant and shall be the highest of:

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

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

(iii) the nominal value of a Share.

As at 31 March 2019, there were no outstanding number of share options available, for granting under the Share Option Scheme to subscribe for shares. During the year ended 31 March 2019, a total number of 38,400,000 share options were lapsed in accordance with the terms of the Share Option Scheme.

b. Movement of share options

Details of the Options granted and outstanding under the Share Option Scheme during the current year were as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price	Balance as at 1 April 2018	Changes during the year: Granted	Changes during the year: Exercised	Changes during the year: Cancelled/ lapsed *(Note d)*	Balance as at 31 March 2019
Executive Directors								
Lo Chun Kit Andrew	9 January 2018	9 April 2018 – 8 January 2028	0.530 *(Note c)*	2,400,000	–	–	(2,400,000)	–
	9 January 2018	9 April 2018 – 8 January 2028	0.530 *(Note c)*	2,400,000	–	–	(2,400,000)	–
Lo Chun Wa	9 January 2018	9 April 2018 – 8 January 2028	0.530 *(Note c)*	2,400,000	–	–	(2,400,000)	–
	9 January 2018	9 April 2018 – 8 January 2028	0.530 *(Note c)*	2,400,000	–	–	(2,400,000)	–
Non-executive Directors								
Chan Lung Ming *(Note e)*	18 September 2017	10 November 2017 – 17 September 2027 *(Note a)*	0.320 *(Note b)*	9,600,000	–	–	(9,600,000)	–
	18 September 2017	1 September 2018 – 17 September 2027 *(Note a)*	0.320 *(Note b)*	7,200,000	–	–	(7,200,000)	–
	18 September 2017	1 September 2018 – 17 September 2027 (Note a)	0.320 *(Note b)*	7,200,000	–	–	(7,200,000)	–
Lam Ching Man	9 January 2018	9 April 2018 – 8 January 2028	0.530 *(Note c)*	2,400,000	–	–	(2,400,000)	–
	9 January 2018	9 April 2018 – 8 January 2028	0.530 *(Note c)*	2,400,000	–	–	(2,400,000)	–
				38,400,000	–	–	(38,400,000)	–

28. SHARE-BASED PAYMENT TRANSACTION *(continued)*

b. Movement of share options *(continued)*

Notes:

(a) Options granted to Mr. Chan Lung Ming have been approved by the Shareholders In its extraordinary general meeting held on 10 November 2017.

(b) The closing price of shares on the date of grant was HK$0.320. The average closing price was HK$0.2744 per share for the five business days immediately preceding the date of grant.

(c) The closing price of shares on the date of grant was HK$0.530. The average closing price was HK$0.520 per share for the five business days Immediately preceding the date of grant.

(d) The Options lapsed during the year in accordance with the terms of the Share Option Scheme.

(e) Mr. Chan was re-designated from an executive Director to a non-executive Director of the Company in February 2019.

Details of the Options granted and outstanding under the Share Option Scheme in prior year were as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price	Balance as at 1 April 2017	Changes during the year: Granted	Exercised	Cancelled/ lapsed *(Note d)*	Balance as at 31 March 2018
Executive Directors								
Lo Chun Kit Andrew	9 January 2018	9 April 2018 – 8 January 2028	*0.530 (Note c)*	–	2,400,000	–	–	2,400,000
	9 January 2018	9 January 2019 – 8 January 2028	*0.530 (Note c)*	–	2,400,000	–	–	2,400,000
Chan Lung Ming *(Note e)*	18 September 2017	10 November 2017 – 17 September 2027 *(Note a)*	*0.320 (Note b)*	–	9,600,000	–	–	9,600,000
	18 September 2017	1 September 2018 – 17 September 2027 *(Note a)*	*0.320 (Note b)*	–	7,200,000	–	–	7,200,000
	18 September 2017	1 September 2019 – 17 September 2027 *(Note a)*	*0.320 (Note b)*	–	7,200,000	–	–	7,200,000
Lo Chun Wa	9 January 2018	9 April 2018 – 8 January 2028	*0.530 (Note c)*	–	2,400,000	–	–	2,400,000
	9 January 2018	9 January 2019 – 8 January 2028	*0.530 (Note c)*	–	2,400,000	–	–	2,400,000
Non-executive Director								
Lam Ching Man	9 January 2018	9 April 2018 – 8 January 2028	*0.530 (Note c)*	–	2,400,000	–	–	2,400,000
	9 January 2018	9 January 2019 – 8 January 2028	*0.530 (Note c)*	–	2,400,000	–	–	2,400,000

28. SHARE-BASED PAYMENT TRANSACTION *(continued)*

b. Movement of share options *(continued)*

Name or category of participant	Date of grant	Exercise period	Exercise price	Balance as at 1 April 2017	Changes during the year: Granted	Changes during the year: Exercised	Changes during the year: Cancelled/ lapsed *(Note d)*	Balance as at 31 March 2018
Employees	18 September 2017	18 December 2017 – 17 September 2027	*0.320 (Note b)*	–	2,400,000	–	(2,400,000)	–
	18 September 2017	18 September 2018 – 17 September 2027	*0.320 (Note b)*	–	2,400,000	–	(2,400,000)	–
	9 January 2018	9 April 2018 – 8 January 2028	*0.530 (Note c)*	–	7,200,000	–	(7,200,000)	–
	9 January 2018	9 January 2019 – 8 January 2028	*0.530 (Note c)*	–	7,200,000	–	(7,200,000)	–
Consultants	18 September 2017	18 March 2018 – 17 September 2027	*0.320 (Note b)*	–	7,200,000	–	(7,200,000)	–
	18 September 2017	18 September 2018 – 17 September 2027	*0.320 (Note b)*	–	7,200,000	–	(7,200,000)	–
	9 January 2018	9 July 2018 – 8 January 2028	*0.530 (Note c)*	–	9,600,000	–	(9,600,000)	–
	9 January 2018	9 January 2019 – 8 January 2028	0.530 *(Note c)*	–	9,600,000	–	(9,600,000)	–
					91,200,000		(52,800,000)	38,400,000

Notes:

(a) Options granted to Mr. Chan Lung Ming have been approved by the Shareholders In its extraordinary general meeting held on 10 November 2017.

(b) The closing price of shares on the date of grant was HK$0.320. The average closing price was HK$0.2744 per share for the five business days immediately preceding the date of grant.

(c) The closing price of shares on the date of grant was HK$0.530. The average closing price was HK$0.520 per share for the five business days Immediately preceding the date of grant.

(d) The Options lapsed during the year upon resignation of employee or in accordance with the terms of the Share Option Scheme.

(e) Mr. Chan was re-designated from an executive Director to a non-executive Director of the Company in February 2019.

28. SHARE-BASED PAYMENT TRANSACTION *(continued)*

c. Fair values of share options

The Group has applied HKFRS 2 to account for its Options granted. In accordance with HKFRS 2, fair value of Options granted to employees determined at the date of grant is expensed over the vesting period, with a corresponding adjustment to the Group's share options reserve. In the current year, the Group recognised the share-based payment expenses of approximately Nil (2018: 9.6 million) in relation to Options granted by the Company, of which approximately Nil (2018: 5.9 million) related to the Directors (Note 13), with a corresponding adjustment recognised in the Group's share options reserve. The fair values of Options granted by the Company were determined by using Binomial option pricing model (the "**Model**"). The Model is one of the commonly used models to estimate the fair value of an Option. The variables and assumptions used in computing the fair value of the Options are based on the management's best estimate. The value of an Option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an Option.

The inputs into the Model were as follows:

Date of grant	9 January 2018	18 September 2017
Closing share price at the date of grant	HK$0.530	HK$0.320
Exercise price	HK$0.530	HK$0.320
Risk free rate *(Note a)*	1.942%	1.448%
Expected life of Option *(Note b)*	10 years	10 years
Expected volatility *(Note c)*	79%	71%
Annualised dividend yield	Nil	Nil

Notes:

(a) Risk free rate: being the approximate yields of 10-year government bond traded on the date of grant, matching the expected life of each Option.

(b) Expected life of Option: being the period of 10 years commencing on the date of grant, based on management's best estimates for the effects of non-transferability, exercise restriction and behavioural consideration.

(c) Expected volatility: being the appropriate historical volatility of closing prices of the shares of the Company over the periods after the date of Listing immediately before the date of grant.

29. 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 the equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group of net debt, which includes bank borrowings and promissory note as disclosed in Note 25 and note 26, net of cash and cash equivalents and equity.

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

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2019 **HK$'000**	2018 HK$'000
Financial assets		
Financial asset at fair value through other comprehensive income	**19,300**	–
Financial asset at amortised cost	**103,130**	65,796
Financial liabilities		
At amortised cost	**215,067**	15,654

b. Financial risk management objectives and policies

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

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

30. FINANCIAL INSTRUMENTS *(continued)*

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

Market risks *(continued)*

(ii) Foreign currency risk

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

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

	2019		2018	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
United States Dollar ("**US$**")	**7,241**	**6,111**	4,657	3,936
Australian Dollar ("**AUD**")	**5,782**	**3,586**	176	256
Chinese Yuan Renminbi ("**CNY**")	**72**	**(3)**	248	83

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 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 flow of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate %	**Repayable on demand or less than 1 year HK$'000**	**Repayable more than 1 year HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount HK$'000**
As at 31 March 2019					
Non-derivative financial liabilities					
Trade and other payables	**–**	**16,721**	**3,200**	**19,921**	**19,921**
Bank borrowings	**3.76**	**13,343**	**–**	**13,343**	**13,343**
Promissory note	**5.64**	**61,849**	**131,970**	**193,819**	**193,819**
		91,913	**135,170**	**227,083**	**227,083**

30. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2018				
Non-derivative financial liabilities				
Trade and other payables	–	10,654	10,654	10,654
Bank borrowings	3.50	5,000	5,000	5,000
		15,654	15,654	15,654

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 2019, the aggregate carrying amounts of these bank borrowings amounted to approximately HK$13,343,000 (2018: HK$5,000,000). Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

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

	Weighted average effective interest rate %	**Repayable on demand or less than 1 year** HK$'000	**Total undiscounted cash flows** HK$'000	**Carrying amount** HK$'000
Bank borrowings with repayment on demand clause				
As at 31 March 2019	3.76	13,343	13,343	13,343
As at 31 March 2018	3.50	5,000	5,000	5,000

30. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of trade and other receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. As at 31 March 2019 and 2018, all bank balances were deposited in reputable financial institutions and were hence without significant credit risk. Management does not expect any losses from non-performance by these counterparties. Credit sales are made to selected customers with good credit history. The Group has policies in place to ensure that outstanding trade receivables are collected on a timely basis. Trade receivables are subject to the expected credit loss model. The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

The credit quality of the other receivables excluding deposits and prepayments have been assessed with reference to historical information about the counterparties' default rates and financial position of the counterparties. The directors are of the opinion that the credit risk of other receivables is low due to the sound collection history of the receivables due from them. Therefore, expected credit loss rate of the other receivables excluding deposits and prepayments is assessed to be close to zero and no provision was made as of 31 March 2019 and 2018.

The Group has concentration of credit risk as approximately 13.9% of the Group's trade receivables as at 31 March 2019 (2018: 10.9%) due from the Group's largest debtor which is mainly engaged in the manufacturing and sales of EFT-POS terminals. In respect of this customer, given its good repayment history, the management considers that the credit risk associated with the balances of this customer is low.

c. Fair value measurements of financial instruments

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

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

31. COMMITMENTS

Operating lease commitment

The Group as lessee

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

	2019 HK$'000	2018 HK$'000
Within one year	**1,823**	1,716
In the second year inclusive	**1,476**	–
	3,299	1,716

Operating lease payments represent rentals payable by the Group for certain of its premises owned by the Lo's Family, Mr. Lo Chun Wa and an independent landlord. Leases are negotiated and rentals are ranging from one to three years.

Capital commitment

At the end of each reporting period, the Group had contracted for the following capital commitments:

	2019 HK$'000	2018 HK$'000
Contracted, but not provided for:		
– acquisition of a subsidiary	**–**	210,000
– capital injection in an associate	**–**	905
	–	210,905

32. EMPLOYEE BENEFITS

The Group participates in MPF Scheme for all of its qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. For members of the MPF Scheme, the Group contributes 5% each of relevant payroll costs to the MPF Scheme, subject to a maximum contribution of HK$1,500, which contribution is matched by the employee. During the year ended 31 March 2019, the retirement benefits scheme contribution arising from the MPF Scheme charged to profit or loss were approximately HK$834,000 (2018: HK$730,000).

33. RELATED PARTY TRANSACTIONS

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

Name of related party	Nature of transactions	2019 HK$'000	2018 HK$'000
Affinity Corporation Limited *(Note 1)*	Rental expense paid	**175**	–
EFT Payments (Asia) Limited *(Note 1)*	Sourcing of EFT-POS terminals and peripheral devices *(Note 2)*	**8,937**	7,579
	Provision of EFT-POS system support services	**5,547**	1,938
	Management income received	**–**	20
	Rental income received	**–**	21
	Disposal of fixed asset	**81**	57
	Installation fee of INAC	**47**	–
Guangzhou EFTPay Limited *(Note 1)*	Provision of EFT – POS system support services	**–**	1
	Sourcing of peripheral devices	**78**	–
Hung Wai Innovation Limited *(Note 3)*	Purchasing cost of peripheral devices	**2,319**	744
Hung Wai Products Limited *(Note 3)*	Purchasing cost of peripheral devices	**–**	329
Mr. Lo	Rental expenses paid	**972**	972
Ms. Lam Ching Man *(Note 4)*	Rental expenses paid	**324**	324
Mr. Lo Chun Wa *(Note 5)*	Rental expenses paid	**180**	180

Notes:

Note 1: Mr. Lo is the ultimate shareholder of Affinity Corporation Limited, EFT Payments (Asia) Limited and Guangzhou EFTPay Limited.

Note 2: The prices were made with reference to transactions prices of EFT-POS terminals products of comparable quality, quantity, specifications and delivery deadline and arrangements offered to at least 2 independent third parties in the ordinary and usual course of business.

Note 3: Hung Wai, of which Mr. Lo holds 25%, became related company of the Group since April 2017. Hung Wai Innovation Limited is the wholly-owned subsidiary of Hung Wai Electronics (Huizhou) Limited, which is owned by Hung Wai as to 92.12% of its shareholdings. Accordingly, it is also a related company of the Group.

Note 4: Ms. Lam is a non-executive Director and the spouse of Mr. Lo.

Note 5: Mr. Lo Chun Was is an executive Director and the brother of Mr. Lo.

Compensation of key management of personnel

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

34. BUSINESS COMBINATION

Earn World Group

On 31 May 2018, the Group acquired 70% interest in Earn World Group. Earn World Group is engaged in the provision of POS software solutions services in Hong Kong and the PRC. The purchase consideration for the acquisition was HK$210,000,000, with HK$16,000,000 by cash and HK$194,000,000 by issuance of promissory notes.

The fair values of the identifiable assets and liabilities of the acquisitions as at the date of acquisition were as follows:

	Earn World Group HK$'000
Property, plant and equipment	245
Intangible assets	16,452
Trade and other receivables	19,776
Bank balances and cash	3,335
Trade and other payables	(5,740)
Deferred liabilities	(2,715)
Fair value of net assets acquired	31,353
Non-controlling interests	(8,765)
Financial asset at fair value through profit or loss	3,321
Goodwill	175,030
Total consideration	200,939
Consideration satisfied by:	
Cash	16,000
Promissory notes	184,939
Analysis of the net outflow of cash and cash equivalent:	
Total cash consideration paid	(9,600)
Cash and cash equivalents acquired	3,335
Net cash outflow	(6,265)

During the year ended 31 March 2019, Earn World Group contributed approximately HK$25,438,000 to the Group's revenue and approximately HK$14,948,000 to the Group's result in aggregate for the period from the date of acquisition to 31 March 2019. The Earn World Group has met the profit guarantee for the year ended 31 March 2018 and 2019.

Goodwill arose in the acquisition of Earn World Group because the consideration for the acquisition reflects the future economic benefits expected to be generated from combining the acquiree's operation with the Group's operations.

If the acquisition of Earn World Group had been completed on 1 April 2018, the Group's revenue for the year ended 31 March 2019 would have been approximately HK$134,341,000 and profit for the year ended 31 March 2019 would have been HK$14,695,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2018, nor is it intended to be a projection of future results.

34. BUSINESS COMBINATION *(continued)*

Newport

On 5 April 2018, the Group completed the acquisition of 75% equity interest in Newport, which is engaged in the provision of embedded system solution services in Australia, at a consideration of approximately AUD360.

The fair values of the identifiable assets and liabilities of the acquisitions as at the respective dates of acquisitions were as follows:

	Newport HK$'000
Trade and other receivables	281
Bank balances and cash	20
Trade and other payables	(601)
Fair value of net assets acquired	(300)
Non-controlling interests	75
Goodwill	227
Total consideration	2
Consideration satisfied by:	
Cash	2
Analysis of the net cash inflow of cash and cash equivalent:	
Total cash consideration paid	(2)
Cash and cash equivalent acquired	20
Net cash inflow	(18)

During the year ended 31 March 2019, Newport contributed approximately HK$4,275,000 to the Group's revenue and approximately HK$141,000 to the Group's result in aggregate for the period from the date of acquisition to 31 March 2019.

Goodwill arose in the acquisition of Newport because the consideration for the acquisition reflects the future economic benefits expected to be generated from combining the acquiree's operation with the Group's operations.

If the acquisition of Newport had been completed on 1 April 2018, the Group's revenue for the year ended 31 March 2019 would have been approximately HK$4,275,000 and profit for the year ended 31 March 2019 would have been HK$141,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2018, nor is it intended to be a projection of future results.

35. EVENT AFTER THE REPORTING PERIOD

On 27 May 2019, the Company entered into an extension deed with Earn World Enterprises Limited (the "**Vendor**") (the "**Extension Deed**") in relation to the issuance of a promissory note dated 31 May 2018 in the principal amount of HK$60,000,000 maturing on 30 June 2019 (the "**Promissory Note**") by the Company to the Vendor. The Extension Deed confirms to extend the existing maturity date under the Promissory Note from 30 June 2019 to 30 June 2020. All other terms in the Promissory Note shall remain valid and in force. For details, please refer to the announcement dated 27 May 2019.

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2019 and 2018 are as follows:

Name of subsidiaries	Place of incorporation	Place of operations	Particulars of issued share capital/registered capital		Proportion of ownership/interest and voting power held by the Company				Principal activities
					Directly		Indirectly		
			2019	2018	2019	2018	2019	2018	
Active Prospect Limited	BVI	Hong Kong	100 ordinary shares of US$100	N/A	100%	N/A	–	–	Investment holding
Direct Assistance Limited	BVI	Hong Kong	100 ordinary shares of US$100	100 ordinary shares of US$100	100%	100%	–	–	Investment holding
Earn World Development Limited	BVI	Hong Kong	10,000 ordinary shares of US$10,000	N/A	70%	–	–	–	Investment holding
Effective Enrich Limited	BVI	Hong Kong	100 ordinary shares of US$100	N/A	100%	N/A	–	–	Investment holding
EFT Solutions International Limited	BVI	Hong Kong	1 ordinary share of US$1	1 ordinary shares of US$1	100%	100%	–	–	Investment holding
Huge Wonder Limited	BVI	Hong Kong	50,000 ordinary shares of US$50,000	50,000 ordinary shares of US$50,000	–	100%	–	–	Investment holding
Mass Zone Limited	BVI	Hong Kong	50,000 ordinary shares of US$50,000	50,000 ordinary shares of US$50,000	–	100%	–	–	Investment holding
Power Respect Limited	BVI	Hong Kong	100 ordinary shares of US$100	N/A	100%	N/A	–	–	Investment holding
Quality Victory Limited	BVI	Hong Kong	100 ordinary shares of US$100	N/A	100%	N/A	–	–	Investment holding

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

Name of subsidiaries	Place of incorporation	Place of operations	Particulars of issued share capital/registered capital		Proportion of ownership/interest and voting power held by the Company				Principal activities
					Directly		Indirectly		
			2019	2018	2019	2018	2019	2018	
Rich Giant Group Limited	BVI	Hong Kong	50,000 ordinary shares of US$50,000	50,000 ordinary shares of US$50,000	100%	100%	–	–	Investment holding
Success Creation Limited	BVI	Hong Kong	100 ordinary shares of US$100	100 ordinary shares of US$100	100%	100%	–	–	Investment holding
Business Operating Software Solution Limited	Hong Kong	Hong Kong	10 ordinary shares of HK$10	N/A	–	–	70%	–	Provision of POS software solution services
EFT Solutions Limited	Hong Kong	Hong Kong	100 ordinary shares of HK$100	100 ordinary shares of HK$100	–	–	100%	100%	Sourcing of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services and software solution services
Newport Tek Pty Ltd	Australia	Australia	480 ordinary shares of AUD480	N/A	–	–	75%	–	Provision of embedded system solution services
俊盟信息科技（廣州）有限公司	The People's Republic of China	The People's Republic of China	HK$500,000 registered capital	HK$500,000 registered capital	–	–	100%	100%	Sourcing of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services and software solution services
廣州寶仕軟件有限公司	The People's Republic of China	The People's Republic of China	HK$1,200,000 registered capital	N/A	–	–	69%	–	Provision of POS software solution services

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

Summarised financial information of significant non-controlling interest and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Earn World Group 2019 HK$'000
As at 31 March	
Non-current assets	630
Current assets	50,912
Non-current liabilities	–
Current liabilities	(18,942)
Net assets	32,600
Carrying amount of NCI	13,274
Year ended 31 March	
Revenue	26,548
Expenses	(11,600)
Profit for the year	14,948
Profit attributable to NCI	4,510
Net cash flow (used in)/generated from	
Operating activities	(2,337)
Investing activities	(206)
Financing activities	–

37. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY

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

	2019 **HK$'000**	2018 HK$'000
Non-current assets		
Investment in subsidiaries	**15,725**	17,255
Investment deposit	**–**	8,000
	15,725	25,255
Current assets		
Other receivables	**258**	274
Amount due from a subsidiary	**36,520**	26,135
Bank balances and cash	**83**	3,482
	36,861	29,891
Current liabilities		
Accruals	**72**	65
Amount due to subsidiaries	**1,177**	1,175
	1,249	1,240
Net current assets	**35,612**	28,651
Net assets	**51,337**	53,906
Capital and reserves		
Share capital	**4,800**	4,800
Reserves	**46,537**	49,106
Total equity	**51,337**	53,906

The financial statements were approved and authorised for issue by the board of Directors on 14 June 2019 and signed on its behalf by:

Lo Chun Kit Andrew
Director

Lo Chun Wa
Director

Note: Movement in reserves

37. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY *(continued)*

	Share premium HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 31 March 2017	53,545	–	(9,234)	44,311
Loss and total comprehensive expense for the year	–	–	(1,056)	(1,056)
Equity-settled share-based payment transactions	–	9,585	–	9,585
Forfeiture of share options	–	(3,734)	–	(3,734)
As at 31 March 2018	53,545	5,851	(10,290)	49,106
Loss and total comprehensive expense for the year	–	–	(2,569)	(2,569)
Forfeiture of share options	–	(5,851)	5,851	–
As at 31 March 2019	**53,545**	**–**	**(7,008)**	**46,537**

38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of Directors on 14 June 2019.

FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**132,937**	94,148	53,282	45,986	35,208
Profit before tax	**20,428**	27,391	1,134	16,126	11,557
Income tax expense	**(6,155)**	(5,693)	(2,429)	(2,828)	(1,883)
Profit (loss) for the year attributable to the Shareholders	**14,273**	21,698	(1,295)	13,298	9,674

ASSETS AND LIABILITIES

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**343,638**	110,835	63,818	25,905	25,531
Total liabilities	**(235,285)**	(24,771)	(5,711)	(14,620)	(12,444)
Net assets	**108,353**	86,064	58,107	11,285	13,087