

EFT Solutions Holdings Limited

俊盟國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8062



2016
Third Quarterly Report

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

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

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*This report, for which the directors (the “**Directors**”) of EFT Solutions Holdings Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

Ms. Lam Ching Man

Independent Non-Executive Directors

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

COMPLIANCE OFFICER

Mr. Lo Chun Wa

COMPANY SECRETARY

Ms. Ng Wing Shan

AUTHORISED REPRESENTATIVES

Mr. Lo Chun Kit Andrew
Ms. Ng Wing Shan

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPLIANCE ADVISER

Lego Corporate Finance Limited

HONG KONG LEGAL ADVISER

Li & Partners

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANK

Hang Seng Bank Limited

REGISTERED OFFICE

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

HEADQUARTER 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
31/F, 148 Electric Road
North Point
Hong Kong

STOCK CODE

8062

COMPANY WEBSITE

www.eftsolutions.com

MANAGEMENT DISCUSSION AND ANALYSIS

LISTING ON GEM OF THE STOCK EXCHANGE AND REORGANISATION

The Company was incorporated in the Cayman Islands on 26 May 2016 as an exempted company with limited liability. In preparation for the listing (“**Listing**”) of the Company’s shares (“**Shares**”) on GEM of the Stock Exchange by way of public offer (“**Public Offer**”) and placing (“**Placing**”) of 120,000,000 Shares of HK\$0.01 each, the Group underwent a corporate reorganisation (“**Reorganisation**”) in 2016.

Pursuant to the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation were set out in the section headed “History, development and Reorganisation” of the prospectus of the Company dated 5 December 2016 (the “**Prospectus**”). Unless otherwise stated, the capitalised terms in this report shall have the same meaning as defined in the Prospectus. On 15 December 2016, the Shares were listed on GEM of the Stock Exchange.

The total net proceeds from the issues of new Shares under the Public Offer and Placing after deducting all related expenses was approximately HK\$34.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Overview

During the nine months ended 31 December 2016, the revenue of the Group recorded a mild growth of about 7.4% from approximately HK\$32.8 million for the nine months ended 31 December 2015 to approximately HK\$35.2 million for the nine months ended 31 December 2016. Revenue of approximately HK\$6.8 million and HK\$10.9 million was recognised for the three months ended 31 December 2015 and 2016, respectively, which represented a significant increase of about 61.4%.

The Group recorded profit after tax (excluding listing expenses) of approximately HK\$3.0 million and HK\$9.7 million for the three months and the nine months ended 31 December 2016, respectively. However, the Group recorded loss after tax of approximately HK\$0.2 million and HK\$2.8 million for the three months and the nine months ended 31 December 2016, respectively, as a result of the one-off listing expenses in connection with the preparation for Listing of approximately HK\$3.2 million and HK\$12.5 million recorded during the three months and the nine months ended 31 December 2016, respectively.

Revenue

The Group's revenue principally represented income derived from sourcing of electronic fund transfer at point-of-sale ("EFT-POS") terminals and peripheral devices, provision of EFT-POS system support services and software solutions services. Revenue of approximately HK\$6.8 million and HK\$10.9 million was recognised for the three months ended 31 December 2015 and 2016, respectively, which represented a significant increase of about 61.4% mainly due to the increase in revenue from sourcing of EFT-POS terminals and peripheral devices of approximately HK\$2.4 million and increase in revenue from provision of EFT-POS system support services of approximately HK\$1.3 million. Revenue of approximately HK\$32.8 million and HK\$35.2 million was recognised for the nine months ended 31 December 2015 and 2016, respectively, which represented a mild growth of about 7.4%, mainly due to the increase in revenue from software solution services of approximately HK\$1.8 million due to the increase in number of software solution projects and increase in revenue from provision of EFT-POS system support services of approximately HK\$1.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Costs of Goods Sold and Services

Costs of goods sold and services primarily consisted of costs of inventories recognised as expense, cost of independent service providers, tools and consumables, salaries and benefits, freight and transportation, rent and rates, local travelling and telephone and utilities expense. Costs of goods sold and services for the three months ended 31 December 2015 and 2016 was approximately HK\$4.4 million and HK\$6.1 million, respectively, which represented a significant increase of about 40.2% due to increase in costs of inventories sold in accordance with the increase in revenue from sourcing of EFT-POS terminals and peripheral devices. Costs of goods sold and services for the nine months ended 31 December 2015 and 2016 was approximately HK\$16.6 million and HK\$19.6 million, respectively, which represented an increase of about 18.1% due to increase in costs of inventories sold and cost of independent service providers.

Gross Profit and Gross Profit Margin

The overall gross profit for the three months ended 31 December 2015 and 2016 was approximately HK\$2.4 million and HK\$4.8 million, respectively, which represented a significant increase of about 99.6%. And the overall gross profit margin for the three months ended 31 December 2015 and 2016 was about 35.6% and 44.1%, respectively, which represented an increase of about 8.5%. The reason for the significant increase was because there was significantly more income from sourcing of EFT-POS terminals and peripheral devices in current period as compared to the comparative period.

The overall gross profit for the nine months ended 31 December 2015 and 2016 was approximately HK\$16.2 million and HK\$15.7 million, respectively, which represented a decrease of about 3.5%. And the overall gross profit margin for the nine months ended 31 December 2015 and 2016 was about 49.5% and 44.5%, respectively, which represented a decrease of about 5.0%. The reason for the decrease was that the Group sourced more EFT-POS peripheral devices to a customer which generated relatively higher profit margin as compared to other products sourced by the Group in comparative period than in current period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other Income

Other income mainly represented interest and management fee income. Other income for the three months ended 31 December 2015 and 2016 was approximately HK\$0.1 million and HK\$0.1 million, respectively, and for the nine months ended 31 December 2015 and 2016 was approximately HK\$0.2 million and HK\$0.2 million, respectively, and was relatively stable over the corresponding periods.

Administrative Expenses

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

Staff costs recorded approximately HK\$2.9 million and HK\$3.3 million for the three months ended 31 December 2015 and 2016, respectively, which represented an increase of about 13.7%. Staff costs recorded approximately HK\$8.3 million and HK\$9.9 million for the nine months ended 31 December 2015 and 2016, respectively, which represented an increase of about 19.1%. The increases were mainly due to the increase in director's remuneration and number of senior staff and management to cope with the business expansion of the Group.

Other administrative expenses for the three months ended 31 December 2015 and 2016 were approximately HK\$0.5 million and HK\$0.5 million, respectively, and were relatively stable over the corresponding periods. Other administrative expenses for the nine months ended 31 December 2015 and 2016 were approximately HK\$1.4 million and HK\$1.7 million, respectively, which represented an increase of about 22.1%. The increase was mainly due to the increase in depreciation of approximately HK\$0.2 million as a result of increased additions to furniture and equipment to cope with the business expansion of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Listing Expenses

During the three months and nine months ended 31 December 2016, the Group incurred listing expenses of approximately HK\$3.2 million and HK\$12.5 million, respectively, in connection with the preparation for the Listing. Total listing expenses were approximately HK\$20.3 million, and part of these expenses of approximately HK\$5.5 million is available for offsetting against the Company's equity reserves and approximately HK\$1.3 million has been borne by the Selling Shareholder.

Finance Costs

Finance costs represented interest expenses on bank borrowings. Finance costs for the three months ended 31 December 2015 and 2016 were approximately HK\$0.1 million and HK\$0.1 million, respectively, and for the nine months ended 31 December 2015 and 2016 were approximately HK\$0.2 million and HK\$0.2 million, respectively, and were relatively stable over the corresponding periods.

Income Tax Expenses

Income tax expenses represented Hong Kong Profits Tax at the rate of 16.5% for the Company's subsidiary in Hong Kong. Listing expenses are not deductible for tax purpose.

(Loss) Profit for the Period

For the three months and nine months ended 31 December 2016, the Group recorded loss for the period of approximately HK\$0.2 million and HK\$2.8 million, respectively. For the three months and nine months ended 31 December 2015, the Group recorded profit of approximately HK\$1.4 million and HK\$11.6 million, respectively. For the three months and nine months ended 31 December 2016, one-off non-recurring listing expenses of approximately HK\$3.2 million and HK\$12.5 million, respectively were charged to the consolidated results.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

After taking out the effect of the one-off non-recurring listing expenses of approximately HK\$3.2 million and HK\$12.5 million for the three months and nine months ended 31 December 2016, respectively, the Group would have recorded profit after tax of approximately HK\$3.0 million and HK\$9.7 million for the three months and nine months ended 31 December 2016, respectively.

Financial Position, Liquidity and Financial Resources

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

The Group has remained at a sound financial resource level. As at 31 December 2016, current assets including cash and bank balances were approximately HK\$62.0 million (As at 31 December 2015: approximately HK\$39.2 million). After deducting the bank borrowing balance of approximately HK\$1.3 million (As at 31 December 2015: approximately HK\$9.2 million), the Group remained at a net cash position as at 31 December 2016.

Before the Shares became listed on GEM of the Stock Exchange, the Group's operations were mainly financed by its loans and internal resources. Following the Listing, the Group's operations are mainly financed by internal resources and the Group's liquidity position became stronger and this enables the Group to expand in accordance with its business directions.

Charge Over Assets of the Group

As at 31 December 2016, the Group's bank borrowing was previously guaranteed by Mr. Lo Chun Kit, Andrew ("**Mr. Lo**") and secured by a property of Mr. Lo and that these have been replaced by a corporate guarantee on the date of Listing.

As at 31 December 2015, the Group's bank borrowings were wholly guaranteed by Mr. Lo and his spouse ("**Lo's Family**") and Affinity Corporation Limited ("**Affinity**") and secured by several properties of Lo's Family and those loans were either fully paid or taken up by Mr. Lo during the four months ended 31 July 2016. The details of this arrangement has been disclosed in the accountants' report set out in Appendix I to the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Capital Commitments and Contingent Liabilities

As at 31 December 2016, the Group did not have any significant capital commitments (31 December 2015: Nil).

During the year ended 31 March 2015, the Group entered into a cross guarantee agreement with a bank to provide a corporate guarantee amounting to approximately HK\$6.9 million with respect to banking facilities granted to a related company, Affinity. As at 31 December 2015, the total amount of banking facilities utilised by Affinity of which guarantee was provided by the Group amounted approximately HK\$2.5 million. The utilised banking facilities of approximately HK\$2.5 million as at 31 December 2015 represented a mortgage loan borrowed by Affinity for a property owned by Mr. Lo and Mr. Lo Chun Wa in June 2015. Such mortgage loan was taken up by Mr. Lo in the four months ended 31 July 2016 and hence, the guarantee provided by the Group to Affinity also ceased accordingly.

As at 31 December 2016, the Group did not have any significant contingent liability.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets

Save for the Reorganisation during the nine months ended 31 December 2016, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets.

Dividend

The Board does not recommend payment of dividend for the nine months ended 31 December 2016 (For the nine months ended 31 December 2015: Nil).

BUSINESS REVIEW

The Group is a leading EFT-POS solution provider focusing on sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

The Group has recorded mild growth of revenue for the nine months ended 31 December 2016 as compared to the nine months ended 31 December 2015.

The business objective of the Group is to maintain its position as the leading EFT-POS solution provider in Hong Kong. The Group plans to continue to expand its market share and strengthen its market position in Hong Kong's electronic payment industry by increasing its capabilities and offering diverse and high quality services. To achieve this, the Group intends to implement its business strategies, which are to expand and diversify its business offering to increase revenue streams and selectively pursue strategic acquisitions and partnerships.

Looking ahead, the management believes that the Listing of the Shares on GEM of the Stock Exchange will enhance the Group's corporate profile and image, and that the net proceeds from the Listing will strengthen the Group's financial position.

USE OF PROCEEDS FROM THE PUBLIC OFFER AND PLACING

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. As at 31 December 2016, the Group has not used any net proceeds from the Public Offer and the Placing and the unutilised proceeds are deposited with licensed banks and financial institutions in Hong Kong as short-term interest-bearing deposits.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

The Shares were listed on GEM of the Stock Exchange on 15 December 2016. As at 31 December 2016 and the date of this report, 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 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Interests in the Shares of the Company

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

Notes:

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 31 December 2016 and the date of this report, 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:

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

Note:

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

Save as disclosed above, as at the date of this report, 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

Rights to Acquire Shares or Debentures

Saved as disclosed above, at no time during the nine months ended 31 December 2016 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 Share Option Scheme (as defined below), at no time during the nine months ended 31 December 2016 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

Directors' Interest in Competing Business

For the nine months ended 31 December 2016 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 (prior to completion of the Reorganisation) its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

Directors' Interest in Contracts

Saved as disclosed in Note 8 to the interim financial information in this report, there were no other contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period under review.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

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 31 December 2016.

The compliance adviser's appointment is for a period commencing on 15 December 2016 (i.e. the date of Listing) and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the despatch of its annual report of the financial results for the second full financial year commencing after the date of initial Listing of the Company, or until the compliance adviser agreement is terminated in accordance with its terms and conditions, whichever is earlier. Pursuant to the compliance adviser agreement entered into between Lego and the Company, Lego receives fees for acting as the Company's compliance adviser.

Compliance with Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors ("**Securities Code**") 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 Shares were first listed on GEM of the Stock Exchange on 15 December 2016. Each of the Directors gave confirmation that he/she was in compliance with the Securities Code since the date of Listing.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

Compliance with the Code of Corporate Governance

The Group has adopted the principles and code provisions set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Directors, except for the deviation from provision A.2.1 of the Corporate Governance Code, the Group has no material deviation from the Corporate Governance Code. Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lo is the Chairman and the Chief Executive Officer (the “**CEO**”) of the Company. In view of Mr. Lo having assumed 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 making which is in the best interest of the Group.

The Directors consider that the deviation from provision A.2.1 of the Corporate Governance Code is appropriate in such circumstances. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group’s operations, and sufficient checks and balances are in place.

The Group is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its Shareholders as a whole. The Directors are aware that the Group is expected to comply with such code provisions. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in the interim reports and annual report in respect of the relevant period. Save as disclosed above, the Company has complied with all the code provisions set out in the Corporate Governance Code since the date of Listing.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

Audit Committee and Review of Financial Statements

The audit committee of the Company ("**Audit Committee**") has been established by the Board on 23 November 2016 with written terms of reference in compliance with the GEM Listing Rules. Members of the Audit Committee comprise Mr. Lui Hin Weng Samuel (Chairman of the Audit Committee), Mr. Lam Keung and Mr. Pang Victor Ho Man, all of them being independent non-executive Directors. The primary duties of the Audit Committee include, but are not limited to, (a) monitoring the integrity of the Company's financial statements, (b) reviewing the Company's financial controls, internal control and risk management systems, and (c) reviewing the Group's financial and accounting policies and practices.

The interim financial information of the Group for the nine months ended 31 December 2016 have not been audited.

The Audit Committee has reviewed with the management the interim financial information of the Group for the nine months ended 31 December 2016, this quarterly report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee is 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.

Share Option Scheme

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

Purchase, Sale or Redemption of the Company's Listed Securities

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

By order of the Board

Lo Chun Kit Andrew

Chairman and Chief Executive Officer

13 February 2017



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2016

	Note	Three months ended 31 December		Nine months ended 31 December	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	4	10,938	6,777	35,207	32,782
Cost of goods sold and services		(6,119)	(4,363)	(19,551)	(16,550)
Gross profit		4,819	2,414	15,656	16,232
Other income		92	51	158	153
Other losses		(4)	(1)	(14)	(68)
Administrative expenses		(1,314)	(786)	(3,953)	(2,210)
Listing expenses		(3,198)	–	(12,528)	–
Finance costs		(14)	(58)	(161)	(178)
Profit (loss) before tax		381	1,620	(842)	13,929
Income tax expense	5	(607)	(267)	(1,945)	(2,298)
Profit (loss) and total comprehensive income (expense) for the period		(226)	1,353	(2,787)	11,631
Earnings (loss) per share					
– Basic (HK cents)	6	(0.05)	0.28	(0.58)	2.42

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2016

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note)	Retained earnings HK\$'000	Total HK\$'000
As at 1 April 2016 (audited)	-	-	-	11,285	11,285
Loss and total comprehensive expense for the period	-	-	-	(2,787)	(2,787)
Issue of share capital	4,800	43,487	-	-	48,287
Effect of the Reorganisation (Note)	-	10,228	(10,228)	-	-
As at 31 December 2016 (unaudited)	4,800	53,715	(10,228)	8,498	56,785
As at 1 April 2015 (audited)	-	-	-	13,087	13,087
Profit and total comprehensive income for the period	-	-	-	11,631	11,631
As at 31 December 2015 (unaudited)	-	-	-	24,718	24,718

Note: Special reserve represented the difference between the entire issue shares of EFT Solutions Limited acquired by the Group amounting to HK\$100 and the consideration for acquiring EFT Solutions Limited by EFT Solutions International Limited amounted approximately HK\$10,228,000 pursuant to the Reorganisation completed on 20 June 2016.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the three months and nine months ended 31 December 2016

1. GENERAL

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

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

The interim financial information is presented in Hong Kong dollars (“**HKS**”), which is the same as the functional currency of the Group.



NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the three months and nine months ended 31 December 2016

2. BASIS OF PREPARATION AND REORGANISATION

The interim financial information has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The amounts included in this interim financial information have been computed in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial statements as defined in HKFRSs.

The interim financial information should be read in conjunction with the financial information of the Group incorporated in the accountants’ report of the financial information relating to the Group for each of the two years ended 31 March 2016 and the four months ended 31 July 2016 (the “**Financial Information**”) as set out in Appendix I to the Prospectus.

Pursuant to the Reorganisation in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 20 June 2016, the details of which are set out in the Prospectus.

The Group comprising the Company and its subsidiaries resulting from the Reorganisation continued to be controlled by Mr. Lo and is regarded as a continuing entity. Accordingly, the interim financial information has been prepared on a combined basis as if the current group structure had been in existence since 1 April 2015, or since the respective dates of incorporation of the relevant entity.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the interim financial information are same as those used in the preparation of the Financial Information.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the three months and nine months ended 31 December 2016

4. REVENUE

The Group's revenue which represented the amount received and receivable for the revenue from sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services, and is analysed as follows:

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sourcing of EFT-POS terminals and peripheral devices	3,075	666	13,347	14,237
EFT-POS system support services	7,380	6,061	19,840	18,295
Software solution services	483	50	2,020	250
	10,938	6,777	35,207	32,782

5. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
Hong Kong Profits Tax	607	267	1,945	2,298

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

The Group is subject to Hong Kong Profits Tax at a rate of 16.5% on the estimated assessable profits for both periods.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the three months and nine months ended 31 December 2016

6. EARNINGS (LOSS) PER SHARE

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings (loss)				
Earnings (loss) for the purpose of basic earnings (loss) per share	(226)	1,353	(2,787)	11,631

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	'000	'000	'000	'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Number of shares				
Number of shares for the purpose of basic earnings (loss) per share	480,000	480,000	480,000	480,000

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

No diluted earnings (loss) per share was presented as there was no potential ordinary shares in issue during both periods.

7. RESERVES

Movement in the reserves of the Group for the nine months ended 31 December 2016 are set out in the condensed consolidated statement of changes in equity in page 19 of this report.

NOTES TO THE INTERIM FINANCIAL INFORMATION (CONTINUED)

For the three months and nine months ended 31 December 2016

8. RELATED PARTY TRANSACTIONS

During the three months and nine months ended 31 December 2016, the Group entered into the following transactions with related parties:

Name of related party	Nature of Transactions	Three months ended 31 December		Nine months ended 31 December	
		2016	2015	2016	2015
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
EFT Payments (Asia) Limited	Sourcing of EFT-POS terminals and peripheral devices	–	–	2,343	–
	EFT-POS system support services	235	86	539	178
	Management income	15	15	45	45
	Rental income	16	–	31	–
Mr. Lo	Interest income	–	35	19	107
	Rental expense	243	243	729	654
Ms. Lam Ching Man (Note 1)	Rental expense	81	81	243	243
Mr. Lo Chun Wa (Note 2)	Rental expense	45	45	135	60

Note 1: Ms. Lam Ching Man is a Director and the spouse of Mr. Lo (collectively referred to as the “Lo’s Family”).

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

In addition to the above, the Group’s bank borrowings with carrying amount of approximately HK\$9.2 million as at 31 December 2015 were wholly guaranteed by the Lo’s Family and Affinity Corporation Limited, and were secured by several properties owned by the Lo’s Family. Such guarantees and pledge of properties had been transferred to the Lo’s Family in May 2016.

As at 31 December 2016, the Group’s bank borrowing of approximately HK\$1.3 million was previously guaranteed by Mr. Lo and secured by a property of Mr. Lo and that these have been replaced by a corporate guarantee on the date of Listing.