

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



2017
First Quarterly Report



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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.*



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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 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
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

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
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
31/F, 148 Electric Road
North Point
Hong Kong

STOCK CODE

8062

COMPANY WEBSITE

www.eftsolutions.com

FIRST QUARTERLY RESULTS

The board of Directors of the Company (the “Board”) is pleased to announce the unaudited condensed consolidated quarterly results of the Group for the three months ended 30 June 2017, together with the comparative unaudited figures for the three months ended 30 June 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2017

	Notes	For the three months ended	
		2017	2016
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	11,962	11,910
Cost of goods sold and services		(7,010)	(6,353)
Gross profit		4,952	5,557
Other income		66	35
Other losses		(23)	(4)
Administrative expenses		(2,626)	(1,372)
Listing expenses		–	(4,976)
Finance costs		(1)	(126)
Profit (loss) before tax		2,368	(886)
Income tax expense	5	(444)	(675)
Profit (loss) and total comprehensive income (expenses) for the period		1,924	(1,561)
Earnings (loss) per share			
– Basic (HK cents)	6	0.40	(0.41)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2017

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 <i>(Note)</i>	Accumulated profits HK\$'000	Total HK\$'000
As at 1 April 2017 (audited)	4,800	53,545	(10,228)	9,990	58,107
Profit and total comprehensive income for the period	-	-	-	1,924	1,924
As at 30 June 2017 (unaudited)	4,800	53,545	(10,228)	11,914	60,031
As at 1 April 2016 (audited)	-	-	-	11,285	11,285
Loss and total comprehensive expense for the period	-	-	-	(1,561)	(1,561)
As at 30 June 2016 (unaudited)	-	-	-	9,724	9,724

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, a wholly-owned subsidiary of the Group, amounting to approximately HK\$10,228,000 pursuant to the Reorganisation (as defined in Note 2) completed on 20 June 2016.



NOTES TO THE QUARTERLY FINANCIAL INFORMATION

For the three months ended 30 June 2017

1. GENERAL

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

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

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



NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

For the three months ended 30 June 2017

2. BASIS OF PREPARATION AND REORGANISATION

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

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

The quarterly financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2017.

Pursuant to the reorganisation in preparation for the listing of the Company’s shares (the “**Shares**”) on GEM of the Stock Exchange on 15 December 2016 (the “**Listing**”), the Company became the holding company of the subsidiaries now comprising the Group on 20 June 2016 (the “**Reorganisation**”), the details of which are set out in the prospectus of the Company dated 5 December 2016. Accordingly, the comparative figures of the quarterly financial information have been prepared on a combined basis as if the current group structure had been in existence since 1 April 2016, 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 quarterly financial information are same as those used in the preparation of the Group’s annual financial statements for the year ended 31 March 2017.

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

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

For the three months ended 30 June 2017

4. REVENUE

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

	For the three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sourcing of EFT-POS terminals and peripheral devices	3,622	5,394
EFT-POS system support services	7,902	5,686
Software solution services	438	830
	11,962	11,910

5. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax	444	675

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 QUARTERLY FINANCIAL INFORMATION (Continued)

For the three months ended 30 June 2017

6. EARNINGS (LOSS) PER SHARE

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

	For the three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share	1,924	(1,561)
	For the three months ended 30 June	
	2017	2016
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Number of shares for the purpose of basic earnings (loss) per share	480,000	384,000

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 were deemed to be effective on 1 April 2016.

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

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

For the three months ended 30 June 2017

7. RELATED PARTY TRANSACTIONS

During the three months ended 30 June 2017, the Group entered into the following transactions with related parties:

Name of related parties	Nature of Transactions	For the three months ended	
		30 June 2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
EFT Payments (Asia) Limited	Sourcing of EFT-POS terminals and peripheral devices	–	840
	Provision of EFT-POS system support services	315	115
	Management income received	15	15
	Rental income received	16	–
Mr. Lo	Interest income received	–	19
	Rental expense paid	243	243
Ms. Lam Ching Man (Note 1)	Rental expense paid	81	81
Mr. Lo Chun Wa (Note 2)	Rental expense paid	45	45
Hung Wai Products Limited (Note 3)	Purchasing cost of peripheral devices	2	–
Hung Wai Innovation Limited (Note 3)	Purchasing cost of peripheral devices	92	–

Note 1: Ms. Lam Ching Man ("**Ms. Lam**") is a Director and the spouse of Mr. Lo.

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

Note 3: Hung Wai Products Limited, of which Mr. Lo holds 25%, became a related company of the Group since April 2017. Hung Wai Innovation Limited is the wholly-owned subsidiary of Hung Wai Products Limited, accordingly, it is also a related company of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overview

During the three months ended 30 June 2017, the Group recorded revenue of approximately HK\$12.0 million which remains stable as compared with HK\$11.9 million in the corresponding period in 2016.

The Group recorded profit after tax of approximately HK\$1.9 million for the three months ended 30 June 2017. However, the Group recorded loss after tax of approximately HK\$1.6 million for the three months ended 30 June 2016, as a result of the one-off listing expenses in connection with the preparation for Listing of approximately HK\$5.0 million recorded during the three months ended 30 June 2016.

Revenue

The Group's revenue principally represented income derived from sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services and software solutions services. Revenue of approximately HK\$11.9 million was recognised for the three months ended 30 June 2016 which remains stable as compared with HK\$12.0 million in the corresponding period in 2017.

For sourcing of EFT-POS terminals and peripheral devices, revenue of approximately HK\$5.4 million and HK\$3.6 million was recognised for the three months ended 30 June 2016 and 2017, respectively, which represents a decrease of approximately 33.3%. The reason for the decrease was that the Group sourced a batch of EFT-POS peripheral devices of approximately HK\$2.4 million to a customer during the three months ended 30 June 2016 while no such order was made during the three months ended 30 June 2017.

For provision of EFT-POS system support services, revenue of approximately HK\$5.7 million and HK\$7.9 million was recognised for the three months ended 30 June 2016 and 2017, respectively, which represents an increase of approximately 38.6% due to increase in number of EFT-POS terminals covered by the system support services of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

For provision of software solution services, revenue of approximately HK\$0.8 million and HK\$0.5 million was recognised for the three months ended 30 June 2016 and 2017, respectively, which represented a decrease of approximately 37.5%. The reason for the decrease was that the software solution projects completed during the three months ended 30 June 2016 were at higher contract values as compared with that in the three months ended 30 June 2017.

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 for the three months ended 30 June 2016 and 2017 was approximately HK\$6.4 million and HK\$7.0 million, respectively, which represented an increase of approximately 9.4% due to increase in costs of independent service providers in accordance with the increase in revenue from provision of EFT-POS system support services.

Gross Profit and Gross Profit Margin

The overall gross profit for the three months ended 30 June 2016 and 2017 was approximately HK\$5.5 million and HK\$5.0 million, respectively, which represented a decrease of approximately 9.1%. And the overall gross profit margin for the three months ended 30 June 2016 and 2017 was approximately 46.2% and 41.7%, respectively, which represented a decrease of approximately 4.5%. The reason for the decrease was that the Group sourced more EFT-POS peripheral devices to a customer which generated relatively higher profit margin in the three months ended 30 June 2016 as compared to that in the three months ended 30 June 2017.

Other Income

Other income mainly represented interest and management fee income. Other income for the three months ended 30 June 2016 and 2017 was approximately HK\$0.1 million and HK\$0.1 million, respectively, and was relatively stable over the corresponding periods.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Staff Costs

Staff costs of approximately HK\$3.3 million and HK\$4.0 million were recorded for the three months ended 30 June 2016 and 2017, respectively, which represented an increase of approximately 21.2%. The increase was mainly due to the increase in directors' remuneration and staff salaries after the Listing.

Listing Expenses

During the three months ended 30 June 2017, the Group had not incurred any listing expenses. The Group incurred listing expenses of approximately HK\$5.0 million for the three months ended 30 June 2016 in connection with the preparation for the Listing. Total listing expenses for the three months ended 30 June 2016 were approximately HK\$6.6 million, and part of these expenses of approximately HK\$1.3 million was available for offsetting against the Company's equity reserves and approximately HK\$0.3 million had been borne by the selling shareholder.

Other Administrative Expenses

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

Other administrative expenses for the three months ended 30 June 2016 and 2017 were approximately HK\$0.6 million and HK\$1.4 million, respectively, which represented a significant increase of 133.3% as a result of increased legal and professional fees of approximately HK\$0.6 million to cope with the needs of compliance work for the listing status.

Finance Costs

Finance costs represented interest expenses on bank borrowings. Finance costs for the three months ended 30 June 2016 and 2017 were approximately HK\$126,000 and HK\$1,000, respectively. Since the Group's bank borrowings have been fully settled in April 2017, the finance costs decreased accordingly.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Income Tax Expense

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

Profit (Loss) for the Period

For the three months ended 30 June 2017, the Group recorded profit for the period of approximately HK\$1.9 million as compared to a loss of approximately HK\$1.6 million for the three months ended 30 June 2016. The turnaround result was mainly due to absence of one-off non-recurring listing expenses in the current period.

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 30 June 2017, the Group had net current assets of approximately HK\$57.7 million (As at 30 June 2016: approximately HK\$8.3 million) including cash and bank balances of approximately HK\$43.6 million (As at 30 June 2016: approximately HK\$6.0 million).

As at 30 June 2017, the gearing ratio (calculated on the basis of total bank borrowings divided by the total equity as at the end of the period) of the Group was nil (As at 30 June 2016: approximately 32.3%).

Pledge of Assets

As at 30 June 2017, the Group did not have any pledged assets (As at 30 June 2016: Nil).

As at 30 June 2016, the Group's bank borrowings were previously guaranteed by Mr. Lo and secured by properties of Mr. Lo and these have been replaced by a corporate guarantee on the date of the Listing. As at 30 June 2017, the Group did not have any bank borrowings.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Capital Commitments and Contingent Liabilities

As at 30 June 2017, the Group did not have any significant capital commitments (As at 30 June 2016: Nil).

As at 30 June 2017, the Group did not have any significant contingent liabilities (As at 30 June 2016: Nil).

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

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets.

Dividend

The Board does not recommend the payment of any dividend for the three months ended 30 June 2017 (For the three months ended 30 June 2016: 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.

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.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Group's revenue was relatively stable for the three months ended 30 June 2017 as compared to the three months ended 30 June 2016.

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 of the Group would make every endeavor to explore more business opportunities in payment solutions so as to strengthen the Group's financial position and maintain its growth.

USE OF PROCEEDS

The total net proceeds from the issue of new Shares under the Company's public offer and placing after deducting all related expenses was approximately HK\$34.9 million, which are intended to be applied in the following manners:

- approximately 20.6%, or HK\$7.2 million, will be used to expand the information technology workforce for total EFT-POS solutions;
- approximately 12.6%, or HK\$4.4 million, will be used to expand the information technology workforce for acquiring host software services;
- approximately 12.6%, or HK\$4.4 million, will be used to expand the business development workforce;
- approximately 1.4%, or HK\$0.5 million, will be used to enhance the information technology and network system;
- approximately 4.6%, or HK\$1.6 million, will be used for property improvements to accommodate new headcount;



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- approximately 23.3%, or HK\$8.1 million, will be used for potential future strategic acquisitions or arrangements to expand the product portfolio or increase the market share of the Group; and
- the remaining amount of approximately HK\$8.7 million, representing approximately 24.9% of the net proceeds from the issue of new Shares under the Company's public offer and placing, will be used to provide funding for the working capital and other general corporate purposes.

Upon receipt of the proceeds, the actual use of the proceeds by the Group as at 30 June 2017 was as follows:

- approximately HK\$0.2 million has been used to expand the information technology workforce for total EFT-POS solutions;
- approximately HK\$0.2 million has been used to expand the business development workforce;
- approximately HK\$0.1 million has been used to enhance the information technology and network system;
- approximately HK\$0.1 million has been used for property improvements to accommodate new headcount; and
- the remaining balance of approximately HK\$34.3 million is placed with a licensed bank in Hong Kong.

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

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

As at 30 June 2017, 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 issued Shares
Mr. Lo	Interest in a controlled corporation	1	360,000,000	75%
Ms. Lam	Interest of spouse	2	360,000,000	75%

Notes:

1. Mr. Lo is interested in the entire issued share capital of LCK and he is therefore deemed to be interested in the 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

Save as disclosed above, as at 30 June 2017, 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 30 June 2017, to the knowledge of the Directors, shareholders of the Company (the "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 issued 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.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

Save as disclosed above, as at 30 June 2017, 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, at no time during the three months ended 30 June 2017 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 three months ended 30 June 2017 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 three months ended 30 June 2017, none of the Directors, nor the substantial Shareholders 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.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 7 to the quarterly financial information in this report, 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 period under review.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

For the three months ended 30 June 2017, there had been no contracts of significance between the Company or any of its subsidiaries and a controlling Shareholder (as defined in the GEM Listing Rules) or any of their close associates, nor any contracts 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.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then Shareholders 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.

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 30 June 2017.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions (the "**Model Code**") by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, all Directors have complied with the Model Code during the period for the three months ended 30 June 2017.

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.

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 internal control, transparency and accountability with a view to safeguard the interests of all the Shareholders.

The Board has adopted the principles and code provisions of Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established its audit committee ("**Audit Committee**"), a nomination committee and a remuneration committee with specific written terms of reference. During the period for the three months ended 30 June 2017 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 deviation from code provision A.2.1 as detailed below.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

The 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-caliber individuals, with three of them being independent non-executive directors.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was 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 principles and policies.

The unaudited condensed consolidated quarterly results of the Group for the three months ended 30 June 2017 have not been audited.

The Audit Committee has reviewed with the management of the Group the unaudited condensed consolidated quarterly results of the Group for the three months ended 30 June 2017, this quarterly report, the accounting principles and policies 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.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

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

During the three months ended 30 June 2017 and up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

APPOINTMENT OF EXECUTIVE DIRECTOR AND VICE CHAIRMAN

On 29 June 2017, the Board resolved to appoint Mr. Chan Lung Ming as an executive Director and a vice chairman of the Company with effect from 1 September 2017. Please refer to the Company's announcement dated 29 June 2017 for details.

By order of the Board

EFT SOLUTIONS HOLDINGS LIMITED

Lo Chun Kit Andrew

Chairman and Chief Executive Officer

8 August 2017

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

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