



EFT Solutions Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8062

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*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
(*Resigned on 5 July 2019*)
Ms. Lam Ching Man
Mr. Lui Hin Weng Samuel

Independent Non-executive Directors

Mr. Ng Ming Fai
Dr. Wu Wing Kuen *B.B.S.*
Ms. Yang Eugenia

COMPLIANCE OFFICER

Mr. Lo Chun Wa

COMPANY SECRETARY

Ms. Fok Joyce Sing Yan

AUTHORISED REPRESENTATIVES

Mr. Lo Chun Kit Andrew
Ms. Fok Joyce Sing Yan

AUDIT COMMITTEE

Ms. Yang Eugenia (*Chairman*)
Mr. Ng Ming Fai
Dr. Wu Wing Kuen *B.B.S.*

REMUNERATION COMMITTEE

Mr. Ng Ming Fai (*Chairman*)
Mr. Lo Chun Kit Andrew
Dr. Wu Wing Kuen *B.B.S.*

NOMINATION COMMITTEE

Mr. Lo Chun Kit Andrew (*Chairman*)
Mr. Ng Ming Fai
Dr. Wu Wing Kuen *B.B.S.*

HONG KONG LEGAL ADVISER

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

Corporate Information

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 three months ended 30 June		+ / (-)
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	
Revenue	32,003	31,472	1.7%
Gross profit	15,383	18,586	-17.2%
Operating profit	9,945	12,146	-18.1%
Profit before tax	6,955	11,074	-37.2%
Profit for the period	5,486	8,997	-39.0%
Profit attributable to the owners of the Company	5,633	7,760	-27.4%
Share-based payment expenses (included in administrative expenses)	-	(1,372)	-100%
Operating profit (excluding share-based payment expenses)	9,945	13,518	-26.4%
Profit before tax (excluding share-based payment expenses)	6,955	12,446	-44.1%
Profit for the period (excluding share-based payment expenses)	5,486	10,369	-47.1%
Profit attributable to the owners of the Company (excluding share-based payment expenses)	5,633	9,132	-38.3%

EARNINGS PER SHARE

	2019 HK cents (unaudited)	2018 HK cents (unaudited)	+ / (-)
Earnings per share			
– Basic	1.17	1.62	-27.8%
– Diluted	1.17	1.60	-26.9%

Financial Highlights

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated quarterly results of the Group for the three months ended 30 June 2019 (the “**Reporting Period**”), together with the comparative unaudited figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 30 June 2019

		For the three months ended 30 June	
	Notes	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	4	32,003	31,472
Cost of goods sold and services		(16,620)	(12,886)
Gross profit		15,383	18,586
Other income		382	47
Other losses		(143)	(131)
Administrative expenses		(5,677)	(6,356)
Operating profit		9,945	12,146
Finance costs		(2,732)	(651)
Share of results of an associate		(258)	(421)
Profit before tax		6,955	11,074
Income tax expense	5	(1,469)	(2,077)
Profit for the period		5,486	8,997
Profit attributable to:			
– Owners of the Company		5,633	7,760
– Non-controlling interests		(147)	1,237
		5,486	8,997
Earnings per share for the profit attributable to the owners of the Company:			
– Basic (HK cents)	6	1.17	1.62
– Diluted (HK cents)	6	1.17	1.60

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2019

	For the three months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit for the period	5,486	8,997
Other comprehensive income, net of tax <i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	39	44
Total comprehensive income for the period	5,525	9,041
Total comprehensive income attributable to:		
– Owners of the Company	5,660	7,791
– Non-controlling interests	(135)	1,250
	5,525	9,041

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Attributable to the owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note)	Fair value through other comprehensive income HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000			
As at 1 April 2019 (audited)	4,800	53,545	(10,228)	(700)	43	47,660	95,120	13,233	108,353
Comprehensive income									
Profit for the period	-	-	-	-	-	5,633	5,633	(147)	5,486
Other comprehensive income									
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	27	-	27	12	39
Total comprehensive income	-	-	-	-	27	5,633	5,660	(135)	5,525
As at 30 June 2019 (unaudited)	4,800	53,545	(10,228)	(700)	70	53,293	100,780	13,098	113,878
As at 1 April 2018 (audited)	4,800	53,545	(10,228)	5,851	-	32,096	86,064	-	86,064
Comprehensive income									
Profit for the period	-	-	-	-	-	7,760	7,760	1,237	8,997
Other comprehensive income									
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	31	-	31	13	44
Total comprehensive income	-	-	-	-	31	7,760	7,791	1,250	9,041
Transactions with owners									
Equity-settled share-based payment transactions	-	-	-	1,372	-	-	1,372	-	1,372
Non-controlling interests arising on business combinations	-	-	-	-	-	-	-	4,568	4,568
Total transactions with owners	-	-	-	1,372	-	-	1,372	4,568	5,940
As at 30 June 2018 (unaudited)	4,800	53,545	(10,228)	7,223	31	39,856	95,227	5,818	101,045

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, 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.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION

For the three months ended 30 June 2019

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, 11/F, Yip Fung Industrial Building, 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong.

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

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. The Group entered into the provision of point-of-sale ("**POS**") software solution services in Hong Kong and the People's Republic of China (the "**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 the provision of embedded system solution services in Australia through the subscription of 75% of the issued share capital of Newport Tek Pty Ltd ("**Newport**") on 5 April 2018. The Company's parent and ultimate holding company is LCK Group Limited ("**LCK**"), a private company incorporated in the British Virgin Islands (the "**BVI**"). Its ultimate controlling party is Mr. Lo Chun Kit, Andrew ("**Mr. Lo**").

The 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

For the three months ended 30 June 2019

2. BASIS OF PRESENTATION OF QUARTERLY FINANCIAL INFORMATION

The quarterly financial information have 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 (“**HKICPA**”). 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 consolidated financial statements of the Group incorporated in the annual report for the year ended 31 March 2019 (the “**2019 Annual Report**”). The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the 2019 Annual Report.

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.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

During the Reporting Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2019. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“**HKASs**”), and Interpretations.

Except for the impact of HKFRS 16 as set out in the 2019 Annual Financial Statements, there has been no significant change to the accounting policy applied in these unaudited condensed consolidated financial statements for the Reporting Period presented as a result of adoption of these amendments.

Notes to the Quarterly Financial Information

For the three months ended 30 June 2019

4. REVENUE

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

	For the three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sourcing of EFT-POS terminals and peripheral devices	15,048	12,146
Provision of system support and software solution services	16,955	19,326
	32,003	31,472

5. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax		
– Hong Kong profits tax	1,579	2,244
– Overseas income tax	33	54
Total current income tax	1,612	2,298
Deferred income tax	(143)	(221)
Total tax charge for the period	1,469	2,077

Notes to the Quarterly Financial Information

For the three months ended 30 June 2019

5. INCOME TAX EXPENSE (continued)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the Reporting Period. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) 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 gazetted on the following day. Under the two-tiered profits tax regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25% whereas profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered tax rates regime will continue to be taxed at a 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 the respective countries thereof.

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

6. EARNINGS PER SHARE

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

	For the three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	5,633	7,760
	'000	'000
	(unaudited)	(unaudited)
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	–	4,914
Weighted average number of ordinary shares for the purpose of diluted earnings per share	480,000	484,914

Notes to the Quarterly Financial Information

For the three months ended 30 June 2019

7. RELATED PARTY TRANSACTIONS

During the three months ended 30 June 2018 and 2019, the Group entered into the following significant transactions with related parties:

Name of related party	Nature of transactions	2019 HK\$'000	2018 HK\$'000
Affinity Corporation Limited (Note 1)	Rental expense paid	84	–
EFT Payments (Asia) Limited (Note 1)	Sourcing of EFT-POS terminals and peripheral devices (Note 2)	871	65
	Provision of EFT-POS system support services	2,145	878
Hung Wai Innovation Limited (Note 3)	Disposal of fixed asset	16	–
	Purchasing cost of peripheral devices	–	1,320
Newport	Purchasing cost of devices	53	–
Mr. Lo	Rental expenses paid	243	243
Ms. Lam Ching Man ("Ms. Lam") (Note 4)	Rental expenses paid	81	81
Mr. Lo Chun Wa (Note 5)	Rental expenses paid	45	45

Notes:

Note 1: Mr. Lo is the ultimate shareholder of Affinity Corporation Limited and EFT Payments (Asia) 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 Products Limited ("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 Wa is an executive Director and the brother of Mr. Lo.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended 30 June 2019

FINANCIAL REVIEW

Overview

During the Reporting Period, the Group recorded revenue of approximately HK\$32.0 million which represented an increase of approximately 1.6% compared with approximately HK\$31.5 million in the corresponding period in 2018.

The Group recorded a profit for the period of approximately HK\$9.0 million and HK\$5.5 million for the three months ended 30 June 2018 and 2019 respectively, which represented a significant decrease of 38.9% mainly due to increase the finance costs of issuance of promissory notes and the increase in cost of goods sold and services.

Revenue

Revenue of approximately HK\$31.5 million and HK\$32.0 million were recognised for the three months ended 30 June 2018 and 2019 respectively, which represented an increase of approximately 1.6%. This was driven by the increase in sourcing of EFT-POS terminals and peripheral devices.

For sourcing of EFT-POS terminals and peripheral devices, revenue of approximately HK\$12.1 million and HK\$15.0 million were recognised for the three months ended 30 June 2018 and 2019 respectively, which represented a significant increase of approximately 24.0% 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\$19.3 million and HK\$17.0 million were recognised for the three months ended 30 June 2018 and 2019 respectively, which represented a decrease of approximately 11.9% mainly due to the decrease in revenue received in the provision of system support services and 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\$12.9 million and HK\$16.6 million for the three months ended 30 June 2018 and 2019 respectively, which represented a significant increase of approximately 28.7% mainly due to the increase in cost of salary and wages and subcontracting fee.

Management Discussion and Analysis

For the three months ended 30 June 2019

Gross Profit and Gross Profit Margin

The overall gross profit were approximately HK\$18.6 million and HK\$15.4 million for the three months ended 30 June 2018 and 2019 respectively, which represented a decrease of approximately 17.2%. Such decrease of gross profit was primarily due to increase in the cost of goods sold and services for the three months ended 30 June 2019 as compared to the three months ended 30 June 2018. The overall gross profit margin decrease from approximately 59.1% for the three months ended 30 June 2018 to approximately 48.1% for the three months ended 30 June 2019. Such decrease of 18.6% was primarily due to the Group's strategy to take up lower margin projects for large companies to increase our reputation and brand name.

Staff Costs and directors' remuneration

Staff costs and directors' remuneration of approximately HK\$6.4 million and HK\$5.3 million were recorded for the three months ended 30 June 2018 and 2019 respectively, which represented a decrease of approximately 17.2% 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 three months ended 30 June 2018 and 2019 were approximately HK\$3.1 million and HK\$3.9 million respectively, which represents a significant increase of approximately 25.8% mainly due to the increase in legal and professional fee to cope with the needs of compliance work, the increase in depreciation with the additions of office equipment and leasehold improvements and increase in operating lease expense.

Share of Results of an Associate

As at 30 June 2019, the Group had 20.02% (2018: 21.97%) 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 three months ended 30 June 2018 and 2019 were approximately HK\$0.4 million and HK\$0.3 million respectively.

Finance Costs

Finance costs mainly represented interest expenses on promissory notes and interest expenses on bank borrowings. Finance costs of approximately HK\$0.7 million and HK\$2.7 million were recorded for the three months ended 30 June 2018 and 2019 respectively. On 31 May 2018, the Group issued promissory notes of approximately HK\$194.0 million which bear an interest of 4% per annum as part of the consideration of acquisition of Earn World Development.

Management Discussion and Analysis

For the three months ended 30 June 2019

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 the respective countries 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 three months ended 30 June 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.

Profits for the Period

The Group recorded profits for the period of approximately HK\$9.0 million and HK\$5.5 million for the three months ended 30 June 2018 and 2019 respectively. Such decrease was mainly due to increase of the finance costs of issuance of promissory notes and the cost of goods sold and services.

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.

As at 30 June 2019, the Group had net current liabilities of approximately HK\$4.1 million (2018: net current assets of approximately HK\$85.3 million) including cash and cash equivalents of approximately HK\$32.0 million as at 30 June 2019 (2018: approximately HK\$25.1 million).

As at 30 June 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 181.2% (2018: approximately 68.0%). Such increase was mainly due to the issuance of promissory notes in May 2018 as part of the consideration of acquisition of Eam World Development.

PLEDGE OF ASSETS

As at 30 June 2019, the Group did not have any pledged assets (as at 30 June 2018: nil).

Management Discussion and Analysis

For the three months ended 30 June 2019

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2019, the Group had capital commitment for the acquisition of a subsidiary, Earn World Development, of approximately HK\$210.0 million (2018: HK\$210.0 million). Up to the date of this report, the Group has paid HK\$12.8 million for the acquisition.

As at 30 June 2019, the Group did not have any significant capital expenditures (as at 30 June 2018: nil).

As at 30 June 2019, the Group did not have any significant contingent liabilities (as at 30 June 2018: nil).

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

Saved as disclosed elsewhere in this report, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the three months ended 30 June 2019 and up to 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 30 June 2019 and up to the date of this report.

DIVIDEND

The Board does not recommend the payment of any dividend for the Reporting Period (for the three months ended 30 June 2018: nil).

BUSINESS REVIEW

The Group has continued to take a leading position as an innovative 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.

Management Discussion and Analysis

For the three months ended 30 June 2019

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 period ended 30 June 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.

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 maintained a stable level of revenue for the period ended 30 June 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 period ended 30 June 2019, the Group successfully provided integrated payment solutions to several mass transportation service providers in Hong Kong to accept electronic payment.

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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION EQUITY

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

Notes:

1. Mr. Lo is interested in the entire issued share capital of 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, as at 30 June 2019, none of the Directors or chief executives 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.

Disclosure of Interests and Other Information

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

As at 30 June 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:

Name	Capacity	Note	Long position	
			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 30 June 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, at no time during the Reporting Period 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, at no time during the Reporting Period 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).

Disclosure of Interests and Other Information

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

For the Reporting Period 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 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

Save as disclosed in Note 7 to the quarterly financial information in this report, for the Reporting Period, there had been no contract of significance between the Company or any of its 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/from the Company or any of its subsidiaries from/to a controlling shareholder or any of their close associates.

Disclosure of Interests and Other Information

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 for the Reporting Period.

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 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 and a Remuneration Committee with specific written terms of reference. During the Reporting Period 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:

Disclosure of Interests and Other Information

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 currently comprise Ms. Yang Eugenia (Chairman of the Audit Committee), Dr. Wu Wing Kuen B.B.S. and Mr. Ng Ming Fai, 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 unaudited condensed consolidated financial statements have not been audited.

The Audit Committee has reviewed with the management of the Group the unaudited condensed consolidated quarterly report of the Group for the Reporting Period, 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

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

During the Reporting Period 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.

By order of the Board

EFT Solutions Holdings Limited

Lo Chun Kit Andrew

Chairman and Chief Executive Officer

12 August 2019

As of the date of this report, the Board comprises executive Directors Mr. Lo Chun Kit Andrew, Mr. Lo Chun Wa; non-executive Directors Ms. Lam Ching Man and Mr. Lui Hin Weng Samuel; and independent non-executive Directors Ms. Yang Eugenia, Mr. Ng Ming Fai and Dr. Wu Wing Kuen, B.B.S.

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.