THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **EFT Solutions Holdings Limited 俊盟國際控股有限公司**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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)

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 70% OF THE ISSUED SHARE CAPITAL OF EARN WORLD DEVELOPMENT LIMITED (2) PROPOSED RE-ELECTION OF DIRECTORS AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

中毅資本有限公司
Grand Moore Capital Limited

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

Donvex 富域資本
Donvex Capital Limited
富域資本有限公司

A letter from the Board is set out on pages 5 to 18 of this circular. A notice convening the EGM to be held at JAN Financial Press Limited, 22/F., Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong on Friday, 13 December 2019 at 11:00 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you intend to attend the EGM, you are advised to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not less than 48 hours before the time fixed for holding of the meeting or any adjournment thereof. Completion and delivery of the proxy form will not preclude Shareholders from attending and voting in person at the meeting if they so wish.

26 November 2019

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

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

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Board"	the board of Directors
"BOSS"	Business Operating Software Solution Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by the Disposal Company
"BOSS GZ"	Guangzhou Boss Software Limited* (廣州寶仕軟件有限公司), a company established in the PRC with limited liability, the equity interest of which is owned as to 99% by BOSS and as to 1% by Kama Power
"Company"	EFT Solutions Holdings Limited 俊盟國際控股有限公司, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM
"Completion"	the completion of the Disposal and transactions contemplated under the Sale and Purchase Agreement in accordance with the terms therein
"Completion Date"	a date within seven (7) days from the date on which all of the conditions in relation to Completion having been met, or such other date as the Vendor and the Purchaser may mutually agree in writing
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	the consideration of HK$210,000,000 for the Disposal pursuant to the Sale and Purchase Agreement
"Director(s)"	the director(s) of the Company
"Disposal"	the proposed disposal of 70% of the issued share capital of the Disposal Company as contemplated under the Sale and Purchase Agreement

"Disposal Company"	Earn World Development Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company owned as to 70% by the Company as of the Latest Practicable Date
"Disposal Group"	the Disposal Company, BOSS and BOSS GZ
"EFT-POS"	electronic fund transfer at point-of-sales
"EGM"	the extraordinary general meeting of the Company to be convened and held at 11:00 a.m., on Friday, 13 December 2019 to consider, if though fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Disposal and the re-election of Directors
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Indebtedness Amount"	HK$15,088,000, which represents all advance(s) (in the form of capital injection by the Group for the Disposal Group's business development and expense payment) made by EFT Solutions Limited (a wholly owned subsidiary of the Company) to BOSS and all indebtedness due from BOSS to EFT Solutions Limited (a wholly owned subsidiary of the Company) as at the date of such deed of waiver
"Independent Board Committee"	an independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder including the Disposal

"Independent Financial Adviser/ Donvex Capital"	Donvex Capital Limited, a corporation licenced to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
"Independent Shareholders"	Shareholders who are not interested or involved in the Sale and Purchase Agreement who are entitled to attend and vote at the EGM under the applicable rules and regulations and the Company's articles of association
"Kama Power"	Kama Power International Company Limited, a company incorporated in Hong Kong which is a company controlled by the brother of Mr. Ng and others
"Latest Practicable Date"	20 November 2019, being the latest practicable date prior to printing this circular for ascertaining certain information herein
"Mr. Lo"	Mr. Lo Chun Kit Andrew (勞俊傑先生), the chairman, chief executive officer, executive Director and controlling Shareholder of the Company
"Mr. Ng"	Mr. Ng Sing Kung Roy (吳聲恭先生), the chief executive officer of BOSS, indirectly holding 30% of the issued share capital of the Disposal Company by way of his direct interest in 100% of the issued share capital of the Purchaser
"PRC"	The People's Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Previous Acquisition"	the previous acquisition of the Sale Shares by the Vendor from the Purchaser pursuant to the Previous Agreement, the details of which are set out in the Previous Circular
"Previous Agreement"	the sale and purchase agreement dated 19 January 2018 (as amended by the supplemental agreement dated 29 March 2018) entered into between the Vendor and the Purchaser in relation to the Previous Acquisition
"Previous Circular"	the Company's circular dated 14 May 2018 issued in relation to the Previous Acquisition

"Promissory Notes"	the four promissory notes in the aggregate amount of HK$194,000,000 issued by the Company to the Purchaser as part of the consideration for the Previous Acquisition
"Purchaser"	Earn World Enterprises Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Ng
"Remaining Group"	the Group following Completion
"Sale and Purchase Agreement"	sale and purchase agreement dated 11 October 2019 entered into between the Vendor and Purchaser in relation to the Disposal
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Sale Shares"	7,000 shares in the Disposal Company, representing 70% of the issued share capital of the Disposal Company as at the date of the Sale and Purchase Agreement
"Share(s)"	ordinary shares of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Share(s) in issue
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Rich Giant Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company
"%"	per cent

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

* *The Chinese name has been translated in English in this circular for identification purpose only. In the event of any discrepancies between the Chinese name and the English translation, the Chinese name prevails.*

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)

Executive Directors:
Mr. Lo Chun Kit Andrew *(Chairman)*
Mr. Lo Chun Wa

Non-executive Directors:
Ms. Lam Ching Man
Mr. Lui Hin Weng Samuel

Independent Non-executive Directors:
Dr. Wu Wing Kuen, *B.B.S.*
Mr. Tso Ping Cheong Brian
Mr. Wong Ping Yiu

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

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

26 November 2019

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 70% OF THE ISSUED SHARE CAPITAL OF EARN WORLD DEVELOPMENT LIMITED (2) PROPOSED RE-ELECTION OF DIRECTORS AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

References are made to (i) the announcements of the Company dated 13 November 2017, 19 January 2018, 28 February 2018, 29 March 2018, 30 April 2018 and 31 May 2018 and the circular of the Company dated 14 May 2018 in respect of the Previous Acquisition; and (ii) the announcement of the Company dated 15 October 2019 in respect of the Disposal. On 19 January 2018, the Vendor entered into the Previous Agreement to acquire 70% of the Disposal Company from the Purchaser at the consideration of HK$210,000,000, which constituted a major transaction of the Company. Upon the completion of the Previous Acquisition on 31 May 2018, the Disposal Company became an indirect non-wholly owned subsidiary of the Company which is owned as to 70% by the Vendor and 30% by the Purchaser, respectively.

THE DISPOSAL

The Board announced that on 11 October 2019 (after trading hours), the Vendor and the Purchaser entered into the Sale and Purchase Agreement in respect of the Disposal.

The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date

11 October 2019 (after trading hours)

Parties

(i) The Purchaser; and

(ii) The Vendor, a direct wholly owned subsidiary of the Company

The Purchaser is a substantial shareholder of the Disposal Company which is an indirect non-wholly owned subsidiary of the Company. Accordingly, the Purchaser is a connected person of the Company. The Purchaser is directly, legally and beneficially owned as to 100% by Mr. Ng, who is the chief executive officer of BOSS, a non-wholly owned subsidiary of the Company.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, being 70% of the issued share capital of the Disposal Company.

Consideration

The Consideration is HK$210,000,000 and shall be payable by the Purchaser to the Vendor in the following manner:

(i) HK$12,800,000, representing the first four instalments of the cash portion of the consideration for the Previous Acquisition which have already been paid by the Group pursuant to the Previous Agreement, by way of cheque (or such other method as the Vendor may agree) in the following manner:

a. HK$3,200,000 shall be payable within one (1) month after the Completion Date;

b. HK$6,400,000 shall be payable within three (3) months after the Completion Date; and

c. HK$3,200,000 shall be payable within two (2) years after the Completion Date;

(ii) HK$3,200,000, representing the final instalment of the cash portion of the consideration for the Previous Acquisition which remains unsettled by the Group pursuant to the Previous Agreement, by way of waiver by the Purchaser of such payment obligation on the part of the Group; and

(iii) HK$194,000,000, representing the aggregate principal amount of the Promissory Notes issued by the Company to the Purchaser pursuant to the Previous Agreement, by way of waiver by the Purchaser of such Promissory Notes, all coupon interest accrued up to the Completion Date which amounts to approximately HK$10,347,000 (unaudited) as at 30 September 2019 and all payment obligation thereunder.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser and was determined with reference to: (i) the historical financial performance of the Disposal Group; (ii) the future prospects of the Disposal Group; (iii) the reasons for and benefits of the Disposal as stated in the section headed "Reasons for and benefits of the Disposal" in the "Letter from the Board" in this circular; and (iv) the 100% equity value of BOSS and BOSS GZ of approximately HK$210 million, with reference to the preliminary draft valuation of BOSS and BOSS GZ as at 30 June 2019 compiled by an independent valuer adopting the market approach methodology.

The Company has engaged B.I. Appraisals Limited, an independent professional valuer, to perform valuation of BOSS and BOSS GZ (being all the subsidiaries of the Disposal Company) for the purpose of the Disposal, and the valuation report is disclosed in Appendix IV to this circular.

In the Previous Acquisition, valuation had been performed on the Disposal Group using income approach as disclosed in Appendix IV to the Previous Circular. As extracted from the Previous Circular, the income approach which measures the present value of the net economic benefit to be received and focuses on the income-generating capability of the Disposal Group, was considered by the then valuer and concurred by the then Directors as the most appropriate approach for assessing the fair value of the Disposal Group for the purpose of the Previous Acquisition.

However, in the current valuation of the Disposal Group, B.I. Appraisals Limited has considered the market approach to be the most appropriate approach and has accordingly adopted the same as (i) income approach was not adopted as the prospective financial projection at the point of view of the market participants, which is subject to a number of assumptions and contingent factors, was not readily available; and (ii) cost approach was not adopted as it tends to understate the value of an income-generating business.

Having considered (i) the Disposal Group is an income generating business with a historical track-record and is not asset intensive; (ii) the financial performance of the Disposal Group appears to be uncertain in the near future as discussed in the section headed "Reasons for and benefits of the Disposal" below; and (iii) the availability of 6 exhaustive comparable publicly traded guideline companies with business scope and operations similar to that of the Disposal Group, the Directors concur with B.I. Appraisals Limited that the market approach is the most appropriate valuation methodology for the purpose of the Disposal as compared to the income approach and cost approach to conduct a fair and reasonable valuation.

Having considered (i) the availability of 6 exhaustive comparable publicly traded guideline companies out of which 4 comparable companies have positive EV/EBITDA (as defined in the valuation report in Appendix IV to this circular) for comparison; and (ii) the sensitivity analysis of the EV/EBITDA multiple which demonstrated that if the status quo EV/EBITDA multiple of approximately 14.4x increases significantly by 40% to approximately 20.2x, the Consideration of HK$210,000,000 still represents a slight premium over such artificially inflated market value of the Sale Shares, i.e. 70% equity interest of the Disposal Group, the Directors consider the Consideration is fair and reasonable.

Having reviewed and enquired into the relevant experience and expertise of the responsible persons of B.I. Appraisals Limited in relation to the preparation of the valuation of 100% market value of BOSS and BOSS GZ, the Directors consider that (i) B.I. Appraisals Limited is a well-established firm set up by experienced professionals with over 30 years of solid and relevant experience in the field in the provision of asset appraisal services to customers in different industries in the PRC, Hong Kong and Singapore, in particular, over 60 listed companies in Hong Kong; and (ii) having reviewed the profile of the project team responsible for this engagement and the list of business valuation engagements undertaken by B.I. Appraisals Limited for Hong Kong listed clients, the responsible persons of B.I. Appraisals Limited in preparing and signing off the valuation report together with the valuation firm possess relevant experience and expertise in valuation of businesses and assets.

Please refer to the valuation report in Appendix IV to this circular for further details.

Conditions precedent

Completion is conditional upon fulfilment (or waiver by the Purchaser) of the following conditions:

(i) all necessary consents, approvals, permits, authorisations, waivers or notices required to be obtained on the part of the Vendor having obtained from the relevant third parties (if required) in connection with the transactions contemplated under the Sale and Purchase Agreement;

(ii) EFT Solutions Limited (a wholly owned subsidiary of the Company) having waived the Indebtedness Amount;

(iii) the warranties and representations as referred to in the Sale and Purchase Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and Completion and the Vendor having fully performed and complied with its obligations, agreements and covenants under the Sale and Purchase Agreement; and

(iv) the Company having obtained approval from the Independent Shareholders at the EGM in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder; and having complied with the GEM Listing Rules and the requirements of the Stock Exchange.

The Purchaser may waive all or any of the conditions (other than condition (iv) above) at any time by notice in writing to the Vendor.

Completion

Completion shall take place on the Completion Date subject to the fulfilment or waiver of the conditions mentioned above. If the above conditions are not satisfied (or waived) on or before 31 December 2019 (or such other date as the parties may agree), the parties shall not be bound to proceed with the Sale and Purchase Agreement, whereby the Sale and Purchase Agreement shall cease to be of any effect save and except certain clauses therein which shall remain in force and save in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement.

INFORMATION ON THE GROUP AND THE VENDOR

The Group is principally engaged in the provision of EFT-POS solutions focusing on providing EFT-POS terminal and peripheral device sourcing, EFT-POS system support services and software solution services. The Vendor is principally engaged in investment holding and a wholly owned subsidiary of the Company.

INFORMATION ON THE PURCHASER

Based on the information provided by the Purchaser, the Purchaser is a company incorporated in the British Virgin Islands with limited liability and is directly, legally and beneficially owned as to 100% by Mr. Ng, who is the chief executive officer of BOSS. The Purchaser is principally engaged in investment holding and currently holds 30% of the issued share capital of the Disposal Company. Mr. Ng has over 15 years of experience in the information technology and software system industry. The Disposal Company was indirectly held as to 100% by Mr. Ng prior to the Previous Acquisition.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Company is an investment holding company incorporated in the British Virgin Islands with limited liability and is owned as to 70% by the Vendor and 30% by the Purchaser as at the Latest Practicable Date. Upon Completion, the Purchaser will hold the entire issued share capital of the Disposal Company. The Disposal Company owns 100% of the issued share capital of BOSS, which in turn owns 99% equity interest in BOSS GZ. The remaining 1% equity interest of BOSS GZ is owned by Kama Power. Save for its interests in BOSS, the Disposal Company has no material operation and assets. The Disposal Group has been in the information technology industry for more than ten years. It is principally engaged in the provision of software solution in retail, distribution and accounting sectors including point-of-sales system, ordering and inventory system and accounting system, with the objective of providing commercial software applications and retail and distribution solutions which are suitable for global operation.

The revenue of the Disposal Group is primarily generated from service contract negotiated on a project-by-project basis. Depending on the complexity and scope of services to be provided, the amount of fees and other income from service contract varies from project to project. The revenue of the Disposal Group for the six months period ended 31 March 2019 of approximately HK$5.6 million decreased considerably as compared to that of the Disposal Group for the six months period ended 30 September 2018 of approximately HK$21.3 million, which is mainly due to that in the financial year ended 31 March 2019, numerous projects of relatively higher amount of project fee were accepted and completed in the first half of the financial year while numbers and complexity of projects accepted and completed in the second half of the financial year decreased as compared to the first half of the financial year.

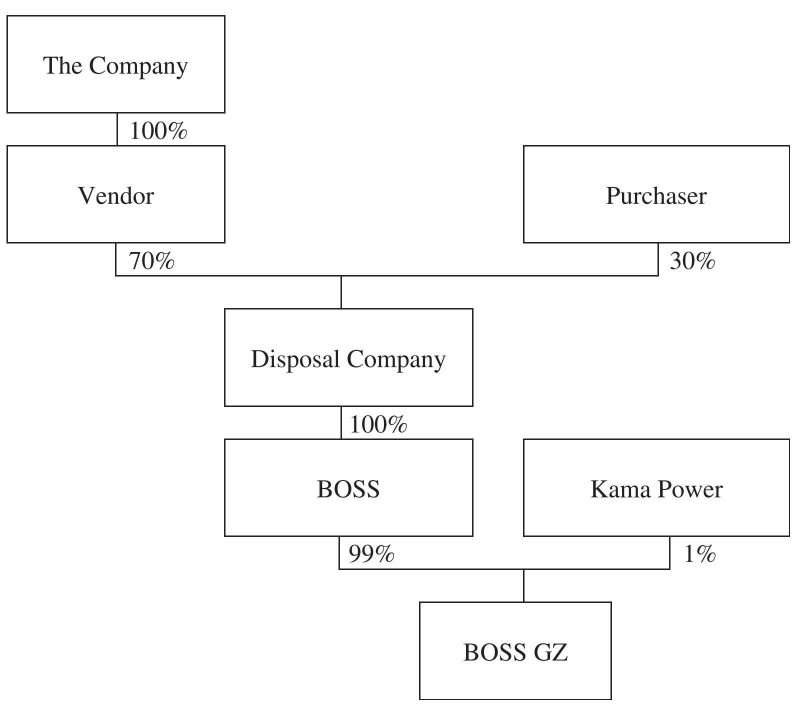
The cost of sales and profit margin of each of the Disposal Group's software solution business largely depend on the scope of services required by the customers. Specialised and tailor-made software solution services require additional manpower and, if required, third party technical support, which incur more development cost and result in lower profit margin as compared to standardised and general software solution services.

During the six months period ended 30 September 2019, the Disposal Group was engaged in, among other projects, one project which took up most of the human and technical resources of the Disposal Group and resulted in a decrease in number of projects in the relevant period as compared to the six months period ended 30 September 2018. Such project was with certain customised features which required additional development costs and thus resulted in a disproportionate increase in cost of sales in the relevant period.

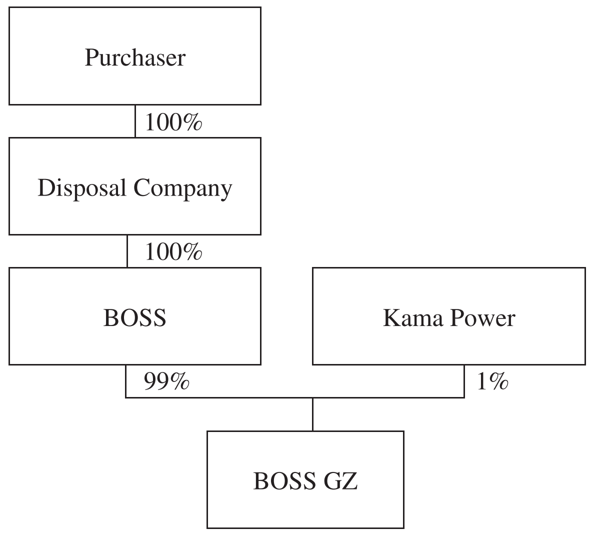
The following is a summary of the financial information of the Disposal Group as extracted from the financial information of the Disposal Group in Appendix II to this circular:

	Year ended 31 March			Six months period ended 30 September
	2017	**2018**	**2019**	**2019**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	11,155	20,905	26,842	8,673
Profit before tax	5,100	14,948	19,546	511
Profit after tax attributable to owners	4,230	12,352	16,012	466
Net assets attributable to owners (as at period end)	5,181	17,475	33,539	34,031

The following diagram sets forth the group structure of the Disposal Group as at the Latest Practicable Date:



The following diagram sets forth the group structure of the Disposal Group immediately after Completion:



REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group acquired the Disposal Company in 2018 in the hope that the Previous Acquisition would enlarge the market share of the Group's software solutions business and explore more business opportunities in payment solutions so as to strengthen the Company's financial position and maintain its growth in Hong Kong. However, after the completion of the Previous Acquisition, the synergy effects between the Group and the Disposal Company as originally envisaged at the time of the Previous Acquisition have not materialised, in particular:

(i) As stated in the paragraph headed "Letter from the Board – Reasons for and benefits of the acquisition" in the Previous Circular, the Company anticipated that it will be able to integrate its EFT-POS terminals and software solutions with the Disposal Group's retail point-of-sales system. However, after the completion of the Previous Acquisition, the Group (excluding the Disposal Group) and the Disposal Group had encountered difficulties in the actual implementation of such plans due to the need to match various technical requirements of the different merchant acquirers respectively engaged by the Group (excluding the Disposal Group) and the Disposal Group, and difficulties in certifying the application programming interface (API) involved in the payment systems by large scale retail chains and financial institutions involved.

(ii) It is also stated in the same paragraph in the Previous Circular that the Company can make use of the Disposal Group's existing strong client base to explore more business opportunities in payment solutions industry. However, after the completion of the Previous Acquisition, the Group (excluding the Disposal Group) was unable to capture any of the Disposal Group's existing clientele for its EFT-POS solutions business because the Disposal Group's existing clients prefer to obtain the point-of-sales systems which are equivalent to the EFT-POS solutions from the credit card companies or banks directly.

(iii) It is further stated in the same paragraph in the Previous Circular that the Company can make use of the technology of Open Sparkz Pty Ltd ("**Open Sparkz**"), an Australian based company principally engaged in highly automated offers and rewards solutions using front of wallet credit, debit and prepaid cards and in which the Company holds approximately 20% interest, to upgrade the retail reward and loyalty membership program by deploying the integration with the point-of-sales system and software solutions of the Disposal Group. However, in implementation, the Group had encountered difficulties to make use of the technology of Open Sparkz as anticipated since the Company has only a minority stake in Open Sparkz and was not able to convince the majority shareholders of Open Sparkz to agree to invest in, expand and penetrate to the Hong Kong market in foreseeable future.

Furthermore, it has come to the Board's attention that the financial condition of the Disposal Group has significantly deteriorated subsequent to the year ended 31 March 2019 although the Relevant Guaranteed Amounts (as defined in the Previous Circular) for the year ended 31 March 2019 had been fulfilled as disclosed in the Company's announcement dated 26 June 2019. As mentioned in the section headed "Information on the Disposal Group" above, the Disposal Group is principally engaged in the provision of software solution in retail, distribution and accounting sectors including point-of-sales system, ordering and inventory system and accounting system. Due to the ongoing social unrests in Hong Kong, the retail sector has been adversely affected in a significant manner with negative market sentiment, reduced number of customers who are willing to take up retail spending and dramatic drop in number of tourists visiting Hong Kong. This has resulted in a significant decrease in retail spending in recent months and is expected to continue to affect the retail sector in the foreseeable future. Given local retail merchants are the end customers of the Disposal Group and those merchants are adversely affected by the ongoing social unrests, the Board currently holds a pessimistic view on the future prospects and development of the Disposal Group.

The Group (excluding the Disposal Group) is principally engaged in the provision of EFT-POS solutions focusing on providing EFT-POS terminal and peripheral device sourcing, EFT-POS system support services and software solution services, while the Disposal Group is principally engaged in the provision of software solution in retail, distribution and accounting sectors including point-of-sales system, ordering and inventory system and accounting system, with the objective of providing commercial software applications and retail and distribution solutions which are suitable for global operation. The Board confirms that the Remaining Group and the Disposal Group have been operating independently in their respective business segments and there has been no overlapping of customers or bundling of solutions across the two business segments. Therefore, it is expected that the Disposal will not have any material adverse impact on the continuous operation and the financial performance of the Remaining Group.

In light of the above, the Board decided to focus on development of the Group's (excluding the Disposal Group) core principal businesses. The Directors considered that the Disposal would represent an opportunity for the Group to unwind the Previous Acquisition at its original consideration. Further, the modes of settlement of the Consideration will enhance the working capital condition of the Remaining Group by way of relieving its remaining payment obligations arising out of the Previous Acquisition, in particular, the repayment obligations of the Group under the Promissory Notes (including accrued interests thereunder) and enable it to allocate more resources to develop its core principal businesses.

The Board considers that the waiver of the Indebtedness Amount is part and parcel to the Disposal having considered, among others, (i) the Consideration of HK$210,000,000 represents an approximately 42.9% premium over 70% of the equity value of BOSS and BOSS GZ of approximately HK$147,000,000 (derived from the 100% equity value of BOSS and BOSS GZ of approximately HK$210,000,000, with reference to the preliminary draft valuation of BOSS and BOSS GZ as at 30 June 2019 compiled by an independent valuer adopting the market approach methodology); (ii) the waiver of the interests of the Promissory Notes of approximately HK$10,347,000 as stated in the sections headed "Consideration" and "Financial effect of the Disposal and use of proceeds" in the "Letter from the Board" in this circular; and (iii) the reasons for and benefits of the Disposal and the future prospects of the Disposal Group as stated in the section headed "Reasons for and benefits of the Disposal" in the "Letter from the Board" in this circular.

Accordingly, the Directors are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon the Completion, the Disposal Company will cease to be an indirect non-wholly owned subsidiary of the Company, and the financial results of the Disposal Company will no longer be consolidated in the accounts of the Group.

It is expected that the Group will record an unaudited loss from the Disposal of approximately HK$21.2 million (before taxes), which is calculated with reference to (i) the present value of the consideration of the Previous Acquisition (being HK$210.0 million) of approximately HK$204.7 million; (ii) the unaudited carrying amount of the Disposal Group recorded in the books and records of the Company as at 30 September 2019 of approximately HK$234.8 million (after taking into account the waiver of the Indebtedness Amount); (iii) the estimated gain arising out of the waiver of the interests of the Promissory Notes of approximately HK$10.3 million; and (iv) the estimated expenses in connection with the Disposal of approximately HK$1.4 million.

The exact amount of loss from the Disposal to be recorded in the consolidated statement of profit or loss of the Group for the year ending 31 March 2020 is subject to audit, and will be calculated based on the financial condition of the Disposal Company as at the Completion Date and net of any incidental expenses and therefore may be varied from the figure provided above.

Pursuant to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming that Completion had taken place on 1 April 2018, the unaudited pro forma consolidated profit for the year attributable to shareholders of the Remaining Group would increase from approximately HK$9.7 million to approximately HK$12.9 million.

Furthermore, as illustrated in the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming that Completion had taken place on 30 September 2019, the unaudited pro forma consolidated total assets and unaudited pro forma consolidated total liabilities of the Remaining Group would decrease from approximately HK$346.7 million and HK$230.0 million, respectively to approximately HK$115.2 million and HK$17.1 million, respectively.

The Group intends to apply the cash portion of the Consideration for the purpose of general working capital.

GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Disposal Company is an indirect non-wholly owned subsidiary of the Company owned as to 70% by the Vendor which is a directly wholly owned subsidiary of the Company whereas the Purchaser is a substantial shareholder of the Disposal Company as the Purchaser holds 30% of the issued share capital of the Disposal Company. Therefore, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

Furthermore, as one or more of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 19 of the GEM Listing Rules.

Accordingly, the Disposal is subject to the notification, announcement, circular and shareholders' approval requirements under Chapters 19 and 20 of the GEM Listing Rules.

None of the Directors have a material interest in the Disposal nor are they required to abstain from voting on the board resolution.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its associates do not hold any Shares as at the Latest Practicable Date and accordingly, no Shareholder has a material interest in the Disposal. As such, no Shareholder is expected to be required to abstain from voting at the EGM in respect of the resolution(s) approving the Sale and Purchase Agreement and the Disposal.

A notice convening the EGM to be held at JAN Financial Press Limited, 22/F., Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong on Friday, 13 December 2019 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

GENERAL INFORMATION

The Board confirms that, after making all reasonable enquires and to the best of their knowledge, information and belief, there are no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholders, or any obligation or entitlement of any Shareholders as at the Latest Practicable Date, whereby such Shareholders have or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares, either generally or on a case-by-case basis.

Completion of the Disposal is subject to the satisfaction of the conditions precedent to the Sale and Purchase Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

RE-ELECTION OF DIRECTORS

According to Article 112 of the Company's articles of association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to their number) and shall then be eligible for re-election at that meeting.

In accordance with Article 112 of the Company's articles of association, Mr. Tso Ping Cheong Brian and Mr. Wong Ping Yiu shall retire from office at the EGM. Being eligible, each of Mr. Tso Ping Cheong Brian and Mr. Wong Ping Yiu will offer himself for re-election as an independent non-executive Director.

Details of the retiring Directors who are proposed to be re-elected at the EGM are set out in Appendix VI to this circular.

RECOMMENDATIONS

The Directors are of the view that the Disposal is fair and reasonable, is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Directors are also of the view that the re-election of Directors is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the re-election of Directors.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
EFT Solutions Holdings Limited
Lo Chun Kit Andrew
Chairman and Chief Executive Officer

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)

26 November 2019

To the Independent Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 70% OF THE ISSUED SHARE CAPITAL OF EARN WORLD DEVELOPMENT LIMITED

We refer to the circular of the Company dated 26 November 2019 (the "**Circular**") of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and whether the Disposal is in the interests of the Company and the Shareholders as a whole.

Donvex Capital has been appointed as the Independent Financial Adviser to advise us and you in this respect. We have considered the various details of the Disposal, in particular, the terms of the Sale and Purchase Agreement and the reasons for and benefits of the Disposal. We have also reviewed the advice given by Donvex Capital on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in their letter reproduced on pages 21 to 40 of the Circular.

Having considered the information set out in the letter from the Board and taking into account the advice from Donvex Capital, we consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the Disposal is, though not in the ordinary course of business of the Group, in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of the Independent Board Committee
Dr. Wu Wing Kuen, *B.B.S.*
Mr. Tso Ping Cheong Brian
Mr. Wong Ping Yiu
Independent non-executive Directors

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

Donvex
富域資本
Donvex Capital Limited
富域資本有限公司

Unit 1305, 13th Floor,
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

26 November 2019

The Independent Board Committee and the Independent Shareholders of
EFT Solutions Holdings Limited

Dear Sirs,

**VERY SUBSTANTIAL DISPOSAL AND
CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF 70% OF THE ISSUED SHARE
CAPITAL OF EARN WORLD DEVELOPMENT LIMITED**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect to the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the Letter from the Board contained in the circular of the Company dated 26 November 2019 to the Shareholders (the "**Circular**") of which this letter forms part. Capitalised terms used herein have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

Reference is made to the Company's announcement dated 15 October 2019 in relation to the Sale and Purchase Agreement. On 11 October 2019, the Vendor, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the Sale Shares at the Consideration of HK$210,000,000. Upon Completion, the Group will cease to have any interest in the Disposal Company, and the financial results of the Disposal Company will no longer be consolidated in the accounts of the Group.

The Disposal Company is an indirectly non-wholly-owned subsidiary of the Company, whereas the Purchaser is a substantial shareholder of the Disposal Company as the Purchaser holds 30% of the issued share capital of the Disposal Company. Therefore, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

In view of the foregoing, the Company will convene the EGM to seek the approval of the Independent Shareholders on the Sale and Purchase Agreement. Mr. Wong Ping Yiu, Dr. Wu Wing Kuen *B.B.S.* and Mr. Tso Ping Cheong Brian, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder. Being the Independent Financial Adviser approved and appointed by the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard.

We are independent from, and not connected with, the Company or any of its substantial shareholders, directors, chief executive, or any of their respective associates, and have sufficient expertise and resources to give an opinion on the transactions. As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties within the past two years that could reasonably be regarded as relevant to our independence. Apart from normal professional fees in connection with this appointment as the Independent Financial Adviser, no other arrangements exist within the past two years whereby we had received or will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. We consider ourselves independent to form our opinion in relation to the Disposal.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true up to the Latest Practicable Date.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 circular 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 circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Company, the Purchaser and their respective associates, nor have we carried out independent verification on the information supplied. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Independent Shareholders should note that subsequent developments, including any material change in market and economic conditions, may affect or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Sale and Purchase Agreement and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

BACKGROUND OF THE PARTIES

1. Background information of the Group

The Group is principally engaged in the provision of EFT-POS solutions focusing on providing EFT-POS terminal and peripheral device sourcing, EFT-POS system support services and software solution services.

Set out below is a summary of the Group's operating results and financial position extracted from the Company's annual report for the year ended 31 March 2019 and interim report for the six months ended 30 September 2019.

	Year ended 31 March		Six months ended 30 September
	2018	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Revenue	94,148	132,937	63,370
Gross profit	48,833	57,763	27,766
Other losses	(257)	(5,450)	(390)
Finance costs	(13)	(9,083)	(5,353)
Profit for the year	21,698	14,273	7,780

	As at 31 March		As at 30 September
	2018	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Non-current assets	15,028	222,343	222,542
Current assets	95,807	121,295	124,154
Total assets	110,835	343,638	346,696
Non-current liabilities	–	137,971	112,179
Current liabilities	24,771	97,314	117,827
Total liabilities	24,771	235,285	230,006
Net assets	86,064	108,353	116,690

For the year ended 31 March 2019

The revenue of the Group increased by approximately 41.2% from approximately HK$94.1 million for the year ended 31 March 2018 to approximately HK$132.9 million for the year ended 31 March 2019. The increase was mainly due (i) increase in the number of EFT-POS terminals sold; and (ii) increase in the number of EFT-POS terminals covered by the Group's system support services and increase in provision of point-of-sale ("**POS**") software solution services.

During the year ended 31 March 2019, the gross profit and gross profit margin were approximately HK$57.8 million and 43.5% respectively, representing an increase in gross profit of approximately 18.4% and a decrease in gross profit margin of approximately 8.4%, respectively as compared to the corresponding period in 2018. The decrease in gross profit margin was mainly due to the Group completed projects with relatively lower profit margin.

In addition, the finance cost of the Group increased by approximately HK$9.0 million for the year ended 31 March 2019 mainly as a result of the issuance of the Promissory Notes as part of the consideration for the Previous Acquisition. As such, the net profit of the Group decreased by approximately 34.2% from approximately HK$21.7 million for the year ended 31 March 2018 to approximately HK$14.3 million for the year ended 31 March 2019.

For the six months ended 30 September 2019

The revenue of the Group decreased by approximately 4.4% from approximately HK$66.3 million for the six months ended 30 September 2018 to approximately HK$63.4 million for the six months ended 30 September 2019. The decrease was mainly driven by the decrease in revenue in POS software solution services.

During the six months ended 30 September 2019, the gross profit and gross profit margin were approximately HK$27.8 million and 43.8% respectively, representing a decrease in gross profit of approximately 34.0% and a decrease in gross profit margin of approximately 19.7%. The decrease was primarily attributable to (i) the Group sourced more EFT-POS terminals and peripheral devices to customers with relatively lower profit margin; and (ii) a significant decrease of profit margin in the market of POS software solution services for the six months ended 30 September 2019 as compared to the corresponding period in 2018.

As a result of the above factors, the net profit of the Group decreased by approximately 67.8% from approximately HK$24.1 million for the six months ended 30 September 2018 to approximately HK$7.8 million for the six months ended 30 September 2019.

2. Information of the Disposal Group

The Disposal Group is engaged in the information technology industry for more than ten years. It is principally engaged in the provision of software solution in retail, distribution and accounting sectors including point-of-sales system, ordering and inventory system and accounting system, with the objective of providing commercial software applications and retail and distribution solutions which are suitable for global operation.

The Group completed the Previous Acquisition of the Sales Shares on 31 May 2018 at a consideration of HK$210,000,000. Upon completion of the Previous Acquisition, the financial results of the Disposal Group were consolidated into the financial statements of the Company. The Company issued the Promissory Notes with an aggregate principal amount of HK$194,000,000 to the Purchaser as part of the settlement of the consideration of the Previous Acquisition. The details of the Previous Acquisition were disclosed in the Previous Circular.

The following is a summary of financial information of the Disposal Group as extracted from the consolidated financial statements of the Disposal Company for the year ended 31 March 2019 and six months ended 30 September 2019.

	Year ended 31 March		**Six months ended 30 September**	
	2018	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	20,905	26,842	21,266	8,673
Profit before tax	14,948	19,547	18,385	571
Profit after tax	12,352	16,210	15,296	463

	As at 31 March		**As at 30 September**
	2018	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Non-current assets	267	630	600
Current assets	22,812	52,114	52,964
Total assets	23,079	52,744	53,564
Current and total liabilities	5,902	19,140	19,471
Net assets	17,177	33,604	34,093

As illustrated above, the financial performance of the Disposal Group deteriorated sharply after the six months ended 30 September 2018. The revenue of the Disposal Group decreased from approximately HK$21.3 million for the six months ended 30 September 2018 to approximately HK$8.7 million for the six months ended 30 September 2019. The Disposal Group merely recorded a minimal profit of approximately HK$463,000 for the six months ended 30 September 2019, representing a decrease of approximately 97.0% as compared to the corresponding period in 2018.

The Disposal Group principally generates its revenue by providing POS software solutions to retailers in Hong Kong. As advised by the management of the Company, as a result of (i) the global macroeconomic downturn since 2018; and (ii) the ongoing social unrests in Hong Kong, the retail sector has been adversely affected in a significant manner with negative market sentiment, reduced number of customers who are willing to take up retail spending and dramatic drop in number of tourists visiting Hong Kong. This has resulted in a significant decrease in retail spending in recent months and is expected to continue to affect the retail sector in the foreseeable future. As such, retailers in Hong Kong are less willing to invest in upgrading their POS systems and the revenue of the Disposal Group declined as a result.

The management of the Company further advised that the profit margin of the Disposal Group decreased significantly during the six months ended 30 September 2019 as a result of (i) the consideration of the projects offered by the retailers to the Disposal Group are relatively lower than that in the past due to the economic downturn as discussed above; and (ii) as the software solutions provided by the Disposal Group were mainly specialized and tailor-made, the increase in complexity of the projects conducted by the Disposal Group with the retailers increased the development cost of the software solutions.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving our opinion in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

1. Principal terms of the Sale and Purchase Agreement

We have reviewed the Sale and Purchase Agreement and assessed the following principal terms.

The Consideration

The Consideration is HK$210,000,000 and shall be payable by the Purchaser to the Vendor in the following manner:

(i) HK$12,800,000, representing the first four instalments of the cash portion of the consideration for the Previous Acquisition which have already been paid by the Group pursuant to the Previous Agreement, by way of cheque (or such other method as the Vendor may agree) in three tranches;

(ii) HK$3,200,000, representing the final instalments of the cash portion of the consideration for the Previous Acquisition which remains unsettled by the Group pursuant to the Previous Agreement, by way of waiver by the Purchaser of such payment obligation on the part of the Group; and

(iii) HK$194,000,000, representing the aggregate principal amount of the Promissory Notes issued by the Company to the Purchaser pursuant to the Previous Agreement, by way of waiver by the Purchaser of such Promissory Notes, all coupon interest accrued up to the Completion Date which amounts to approximately HK$10,347,000 (unaudited) as at 30 September 2019 and all payment obligation thereunder.

Basis for determination of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser and was determined with reference to (i) the historical financial performance of the Disposal Group; (ii) the future prospects of the Disposal Group; (iii) the reasons for and benefits of the Disposal as stated in the sections headed "Reasons for and benefits of the Disposal" in the Letter from the Board in the Circular; and (iv) the 100% equity value of BOSS and BOSS GZ of approximately HK$210 million, with reference to the preliminary draft valuation report of BOSS and BOSS GZ as at 30 June 2019 by an independent valuer using the market approach methodology.

Assessment of the Valuation Report

We have reviewed the valuation report on the valuation of 100% equity value of BOSS and BOSS GZ (the "**Valuation Report**") compiled by B.I. Appraisals Limited (the "**Valuer**"), and noted that the fair value of 100% equity value of the Disposal Group is HK$210,000,000 as at 30 June 2019. The full Valuation Report is disclosed in Appendix IV to the Circular.

In assessing the fairness and reasonableness of the Valuation Report, we have considered the following factors:

(i) The independence, qualification and scope of work of the Valuer

We have reviewed and enquired into the qualification and experience of the responsible persons of the Valuer in relation to the preparation of the valuation of 100% equity value of the Disposal Group. We understand that the Valuer is a well-established firm in the provision of asset appraisal services as the Valuer has performed numerous business and asset appraisal services for companies listed on the Stock Exchange in past years. In addition, the responsible persons of the Valuer in preparing and signing off the Valuation Report is a Registered Professional Surveyor (G.P.) and a Registered Business Valuer with numerous experiences in performing business valuation for over 35 years.

Besides, the Valuer confirmed that it is an independent third party to the Company, the Purchaser and their respective associates. We have also reviewed the terms of the Valuer's engagement, in particular, the scope of work, and noted that it is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by them in the Valuation Report. Based on the above, we are of the view that the scope of work of the Valuer is appropriate and the Valuer is qualified to perform the valuation.

(ii) Valuation approach

In the course of our review of the Valuation Report and our discussion with the Valuer, we understand that the Valuer has considered three commonly adopted valuation approaches for business valuation, namely market approach, income approach and cost approach. Market approach is a valuation approach which determines the prevailing fair market value of companies by referring to comparables in the market based on one point of time on the valuation reference date in the capital market. Income approach is a valuation approach which discounts the expected future revenue of the assets into present value with specific discount rates. Cost approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility.

We further understand that the Valuer did not adopt the income approach and the cost approach as (a) income approach was not adopted as the prospective financial projection at the point of view of the market participants, which is subject to a number of assumptions and contingent factors, was not readily available; and (b) cost approach was not adopted as it tends to understate the value of an income-generating business.

We concur with the Valuer that the income approach and the cost approach is not appropriate for a fair and reasonable valuation of the equity interest of the Disposal Group due to the following reasons:

(1) it may not be appropriate to adopt cost approach on the valuation of the equity interests of the Disposal Group as the Disposal Group is principally engaged in provision of software solutions and is therefore not asset intensive; and

(2) it may not be appropriate to adopt the income approach as the financial performance of the Disposal Group is uncertain in the near future as further discussed in the section headed "Reasons for and benefits of the Disposal" below.

Given (1) it is not practical to adopt the income approach and the cost approach on the valuation for of the equity interest of the Disposal Group as discussed above; and (2) despite the Disposal Group is engaged in a relatively specific industry, the Valuer has identified six comparable companies listed on the Stock Exchange and principally engaged in the software industry, we concur with the Valuer that the market approach is the most appropriate approach to perform a fair and reasonable valuation of 100% equity interest of the Disposal Group.

In adopting the market approach, the Valuer has considered the enterprise-value-to-sales ("**EV/Sales**"), price-to-sales ("**P/S**"), enterprise-value-to-earnings-before-interest-and-tax ("**EV/EBIT**"), enterprise-value-to-earnings-before-interest-tax-depreciation-and-amortisation ("**EV/EBITDA**"), price-to-earnings ("**P/E**") and price-to-book ("**P/B**") multiples.

As stated in the Valuation Report, the Valuer did not adopt the EV/Sales and P/S multiples since these multiples could not take into account of the differences in cost structure between the Disposal Group and the comparable companies. P/B multiple was not adopted because this method could not consider the profitability or the earning potential of the Disposal Group. EV/EBITDA and EV/EBIT multiples were preferred over P/E multiple since they could capture the differences in net cash/(debt) between the Disposal Group and comparable companies. EV/EBITDA multiple was also preferred over EV/EBIT multiple since it could adjust for the differences in depreciation and amortization between the Disposal Group and comparable companies. As such, the Valuer has adopted EV/EBITDA multiple in the valuation for the Disposal Group as of the valuation date. As (a) the Disposal Group is principally engaged in enterprise software business and is not asset intensive; (b) the Disposal Group did not have any debts as at the valuation date, we are of the view the valuation methodologies used by the Valuer are fair and reasonable.

(iii) Application of the market approach

As noted from the Valuation Report, the Valuer has selected six comparables which are engaged in enterprise software business similar to that of the Disposal Group (the "**Comparables**"). According to the Valuation Report, these Comparables were selected by the Valuer based on selection criteria as follows: (i) significant portion (over 70%) of the segment revenue of the latest financial year is related to enterprise software business; (ii) companies listed on the Stock Exchange and have pertinent listing and operating history; and (iii) the financial information and relevant multiple of the companies are available to the public.

The details of the Comparables satisfying the above selection criteria are listed below.

Company	**Stock code**	**Market capitalization as at the valuation date**	**EV/EBITDA multiple adopted by the Valuer**	**P/E multiple**
		HK$'000		*(Note 3)*
Sinosoft Technology Group Ltd	1297	2,762,589	5.4	11.7
Chanjet Information Technology Co Ltd	1588	1,954,635	2.8	14.2
Sino-I Technology Ltd	250	1,433,553	N/A *(Note 1)*	3.8
Anacle Systems Ltd	8353	219,537	22.1	N/A *(Note 4)*
Finsoft Financial Investment Holdings Ltd	8018	73,114	N/A *(Note 2)*	N/A *(Note 4)*
Kingdee International Software Group Co Ltd	268	27,709,166	27.4	59.5
		Average	**14.4**	**22.3**
		Average (excluding outliner) ***(Note 5)***		**9.9**

Notes:

1. The latest 12-month EBITDA of Sino-I Technology Ltd was negative as of the valuation date.

2. The enterprise value of Finsoft Financial Investment Holdings Ltd was negative as of the valuation date.

3. The P/E multiple is calculated based on the share price as at the valuation date as quoted on the website of the Stock Exchange and the earnings of the latest full financial year based on the latest published audited financial statements of the respective comparable company.

4. The comparable company recorded audited loss for the latest full financial year based on the latest published audited financial statements.

5. We have excluded one of the Comparables with a P/E multiple of 59.5, which is significantly higher than the other Comparables or majority of the companies listed on the Stock Exchange, to arrive the average P/E multiple for assessment.

We have reviewed the latest financial statements of the Comparables and noted that all the Comparables are principally engaged in business similar to that of the Disposal Group which fulfill the aforementioned selection criteria. We have also conducted independent research for companies listed on the Stock Exchange based on the selection criteria above to confirm the Comparables are fair and representative samples and together is an exhaustive list.

(iv) EV/EBITDA multiple and P/E multiple comparison analysis

As illustrated in the table above, we consider that the adoption of the average EV/EBITDA multiple is fair and reasonable taking into account the following factors:

(i) Despite the range of the EV/EBITDA multiple of the Comparables is wide, we understood from the Valuation Report that the adopted average EV/EBITDA multiple of 14.4x is similar to the EV/EBITDA multiple of 14.52x of the information technology sector of S&P 500 companies as at 30 June 2019; and

(ii) We also noted from the Valuation Report that, based on the sensitivity analysis of 20% variation on the adopted EV/EBITDA multiple, the valuation of the 70% market value of the Disposal Group is at a range of HK$118,300,000 and HK$175,700,000. As the Consideration is higher than such range calculated based on the EV/EBITDA multiple, the Consideration has been determined in the interests of the Company and Shareholders as a whole.

For illustrative purpose, in assessing the reasonableness of the multiple adopted by the Valuer, we have performed additional analysis based on the P/E multiple of the Comparables. As illustrated in the table above, the average P/E multiple of the Comparables (excluding the outliner) is lower than the EV/EBITDA multiple adopted by the Valuer, which may represent a lower valuation result. As (1) EV/EBITDA multiple was preferred since it could adjust for the differences in depreciation and amortization between the Disposal Group and the Comparables; and (2) the Company is proposing to dispose the Disposal Group, we consider that the adoption of the EV/EBITDA multiple is fair and reasonable for prudence sake, which is in the interests of the Company and the Shareholders as a whole.

(v) Assessment of the fairness and reasonableness of the Comparables identified under the section criteria adopted by the Valuer

We understand that the Valuer did not use the scale of operation and the assets size of the Comparable for assessment of the fairness and reasonableness of the selection of the Comparables as there are not many comparable companies engaged in the same industry as the Disposal Group with publicly available information. We also noted that the Comparables may not be similar in terms of products/services, stage of research and development, scale of operation and market capitalisation as the Disposal Group.

Nevertheless, in assessing the reasonableness and fairness of the Comparables under the selection criteria adopted by the Valuer above, we considered, and we concurred with the Valuer that (1) the market approach is the only practicable approach for the valuation of the equity interest of the Disposal Group as compared to the income approach and asset approach as discussed above; (2) the Disposal Group is principally engaged in providing POS software solutions to retailers in Hong Kong, which is part of the software solution industry; (3) the Comparables and the Disposal Group are engaged in the same industry; (4) the software solutions industry are generally asset light; and (5) the average EV/EBITDA multiple adopted by the Valuer is similar to the EV/EBITDA multiple of the information technology sector of S&P 500 companies, we believe that the Comparables under the selection criteria above are able to serve as fair and representative samples for comparison purpose. As such, we consider that (i) the selection criteria adopted by the Valuer for the purpose of identifying companies comparable to the Disposal Group is fair and reasonable; and (ii) the Comparables are fair and representative samples based on the above selection criteria.

Having considered that (i) the independence, qualification and experience of the Valuer; (ii) the selection and application of the valuation methodology are reasonably prepared, we are of the view that the valuation was carried out on a fair and reasonable basis by the Valuer.

Assessment on the fairness and reasonableness of the Consideration

As (i) the Consideration, after taking into account the waiver of the Indebtedness Amount, represented a premium to the fair value of the Sales Shares; (ii) the Valuation Report was prepared and the valuation was carried out on a fair and reasonable basis by the Valuer; and (iii) the Consideration represented the original consideration for the Previous Acquisition, we are of the view that the Consideration is fair and reasonable.

Waiver of the Indebtedness Amount

As one of the conditions precedent under the Sale and Purchase Agreement, EFT Solutions Limited shall waive the Indebtedness Amount of HK$15,088,000, representing all indebtedness due from BOSS to EFT Solutions Limited.

Despite the waiver of the Indebtedness Amount would result in a loss of the Group, taking into account (i) the Consideration of HK$210,000,000 represented a premium of approximately 42.9% to the fair value of the Sales Shares, being approximately HK$147,000,000, in accordance to the Valuation Report as discussed above; and (ii) the factors as further discussed below in the section headed "Reasons for and benefits of the Disposal", we are of the view the waiver of the Indebtedness Amount is justifiable.

2. Reasons for and benefits of the Disposal

In assessing the fairness and reasonableness of the reasons for and benefits of the Disposal, we have considered the following factors.

(i) Difficulties in achieving the intended synergies

As stated in the Previous Circular, the Company anticipated that it will be able to integrate its EFT-POS terminals and software solutions with the Disposal Group's retail POS system. However, the Remaining Group and the Disposal Group encountered various technical difficulties in the actual implementation of such plans due to the following reasons.

(a) The Disposal Group principally generates its revenue by providing POS software solutions to the retailers in Hong Kong. The retailers were generally provided with free EFT-POS terminals by the financial institutions by charging transaction service fees. As advised by the management of the Company, it is intended that the Previous Acquisition may allow the Group to provide one-stop service to the retailers for (1) the sourcing of EFT-POS terminals; and (2) the provision of POS software solutions for the integration POS systems of the retailer with the EFT-POS terminals.

As the free EFT-POS terminals provided to the retailers by the financial institutions are generally outdated, the operating systems could not be integrated with the POS software solutions offered by the Disposal Group unless the retailers invest in new EFT-POS terminals from companies like the Remaining Group. As such, the retailers may have to invest substantially in new EFT-POS terminals in order to integrate such terminals with internal POS systems of the retailers. However, after the completion of the Previous Acquisition, the retail sector in Hong Kong has been adversely affected in a significant manner with negative sentiment as discussed under the section headed ''Information on the Disposal Group'' above. As such, retailers in Hong Kong are expected to continue to rely on the financial institutions to provide them with free EFT-POS terminals as they are reluctant to increase their investment in EFT-POS terminals in the near future.

(b) The Group intended to make use of the technology of Open Sparkz to integrate membership and loyalty programmes with the POS system and software solutions of the Disposal Group. However, as advised by the management of the Company, given the negative market sentiment of the retail sector in Hong Kong, the retailers are reluctant to invest in upgrading such functions in their software systems lately.

As a result of the above, the Group could only achieve minimum synergy effect from the Previous Acquisition.

(ii) Deteriorating financial performance of the Disposal Group

As discussed in the section headed ''Information on the Disposal Group'' above, the financial performance of the Disposal Group deteriorated sharply during the six months ended 30 September 2019. In particular, the Disposal Group merely recorded a minimal profit of approximately HK$463,000 for the six months ended 30 September 2019, representing a decrease of approximately 97.0% as compared to the corresponding period in 2018. As discussed in the section headed ''Information on the Disposal Group'' above, the retailers became more and more reluctant to pay companies like the Disposal Group for its software solutions.

In addition, the retail sector has been adversely affected in a significant manner with negative market sentiment due to the global economic uncertainties and the ongoing social unrests in Hong Kong. In particular, based on the statistics published by the Hong Kong Tourism Board[1], the number of visitor arrivals in Hong Kong in September 2019 has decreased by approximately 34.2% as compared to September 2018. In addition, based on the statistics published by the Census and Statistics Department[2, 3], (1) the Business Receipts Index (an index established for the measurement of the sales receipts of goods sold by local retail establishments for gauging the short-term business performance of the local retail sector) for the retail industry decreased from 99.1 in the second quarter of 2018 to 95.0 in the second quarter of 2019; and (2) the value of total retail sales in September 2019 has decreased by 18.3% as compared with September 2018.

Given (a) the financial performance of the Disposal Group has deteriorated sharply during the six months ended 30 September 2019; (b) it is uncertain that the retail sector may or may not recover from the aforesaid decline in the near future; and (c) the sourcing of EFT terminals by the retailers in Hong Kong are gradually driven by financial institutions as retailers tend to rely on the financial institutions (including but not limited to customers of the Remaining Group) to provide them with free EFT terminals, the management of the Company considers the unfavourable performance of the Disposal Group may persist for a long period of time. As such, the management of the Company is pessimistic on the prospect of the Disposal Group and considers the proposed Disposal may allow the Company to (1) dispose the Disposal Group before it record any losses; and (2) allow the Remaining Group to allocate more resources to its core business of EFT terminals to focus on serving the financial institutions in Hong Kong for the expansion of its core business as further discussed below.

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1. Hong Kong Tourism Board, "*Statistical Information for the Last 12 Months- Visitor Arrivals To Hong Kong In September 2019*"
https://partnernet.hktb.com/en/research_statistics/latest_statistics/index.html

2. Census and Statistics Department, "*Business Performance, Q2 2019*"
https://www.censtatd.gov.hk/hkstat/sub/so70.jsp

3. Census and Statistics Department, *"Provisional statistics of retail sales for September 2019 (1 November 2019)"*
https://www.censtatd.gov.hk/press_release/pressReleaseDetail.jsp?charsetID=1&pressRID=4507

(iii) Possible positive financial impact of the Disposal

As stated the in the Letter from the Board, despite the Group will record an unaudited loss from the Disposal of approximately HK$21.2 million which is one-off in nature, assuming that the Completion had taken place on 1 April 2018, the unaudited pro forma consolidated profit for the year attributable to shareholders of the Remaining Group would increase from approximately HK$9.7 million to approximately HK$12.9 million. In particular, the Group may be relieved from incurring the finance cost for the annual interest at 4% on the Promissory Notes of approximately HK$194,000,000 after the Disposal. Details of the possible financial impact of the Disposal will be further discussed in the section headed "Possible financial impact of the Disposal" below.

In the event the financial performance of the Disposal Group continues to deteriorate as discussed above, the Disposal may also allow the Group to avoid any further losses recorded by the Disposal Group and potential financial support for the Disposal Group to sustain its operations in the near future.

(iv) Improvement of the working capital of the Group

The Company issued the Promissory Notes with an aggregate principal amount of HK$194,000,000 to the Purchaser as part of the settlement of the consideration of the Previous Acquisition. The Promissory Notes carry an annual interest rate of 4% and will mature in phases by 30 June 2022. Upon completion of the Disposal, the payment obligations of the Promissory Notes and the interests accrued thereunder will be waived by the Purchaser.

As disclosed in the annual report of the Company for the year ended 31 March 2019, the Group maintained a balance of cash and cash equivalents of approximately HK$38.2 million. As such, the Group may not be able to settle the Promissory Notes and related accrued interests upon maturity without conducting further fund-raising activities. In particular, given the latest negative market sentiment, the Group may or may not be able to conduct fund-raising activities in favourable terms. As such, the Disposal may relieve the Group from its payment obligations of the Previous Acquisition, including the Promissory Notes, which will in turn improve its working capital.

(v) Opportunity of an exit strategy and focus in the existing business

As the Consideration offered by the Purchaser is equal to the original consideration of the Previous Acquisition, the Disposal may provide a fair and reasonable opportunity for the Group to unwind the Previous Acquisition in mitigating the negative impact as discussed above.

In addition, as (a) the existing customers of the Remaining Group were mainly financial institutions in Hong Kong; and (b) the POS terminal business in Hong Kong are gradually driven by financial institutions as discussed above, the Group may allocate more resources to its core business to focus on serving the financial institutions in Hong Kong for the expansion of its business.

Having taken into account of the above, we concur with the Directors that the Disposal is in the interests of the Company and the Shareholders as a whole.

3. Possible financial effects of the Disposal

For illustrative purpose, the financial effects of the Disposal are summarized below with reference to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III of the Circular.

Revenue

For the year ended 31 March 2019, the Group recorded an audited consolidated revenue for the year of approximately of HK$132,937,000. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular and assuming (for illustrative purposes) that a hypothetical Completion had taken place on 1 April 2018 (i.e. the start of the financial year ended 31 March 2019), the unaudited pro forma consolidated revenue for the Remaining Group for the year ended 31 March 2019 would be approximately HK$107,499,000.

Earnings

For the year ended 31 March 2019, the Group recorded an audited consolidated profit attributable to equity holders of the Company of approximately of HK$9,746,000. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular and assuming (for illustrative purposes) that a hypothetical Completion had taken place on 1 April 2018 (i.e. the start of the financial year ended 31 March 2019), the unaudited pro forma consolidated profit attributable to equity holders of the Company for the Remaining Group for the year ended 31 March 2019 would increase to approximately HK$12,880,000.

Assets and liabilities

The consolidated total assets and total liabilities of the Group as at 30 September 2019 were approximately HK$346,696,000 and HK$230,006,000 respectively. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular and assuming (for illustrative purposes) that a hypothetical Completion had taken place on 30 September 2019, the unaudited pro forma consolidated total assets and total liabilities would be approximately HK$115,244,000 and HK$17,068,000.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that (i) the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable so far as the Shareholders are concerned; and (ii) the Disposal is, though not in the ordinary course of business of the Group, in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

Ms. Doris Sy is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Donvex Capital Limited who has over 17 years of experience in corporate finance industry.

1. FINANCIAL SUMMARY

The financial information of the Group for each of the three financial years ended 31 March 2017, 2018 and 2019 are disclosed in the Company's annual report for the financial year ended 31 March 2017 (the "**2017 Annual Report**"), the financial year ended 31 March 2018 (the "**2018 Annual Report**") and the financial year ended 31 March 2019 (the "**2019 Annual Report**") respectively, and the financial information of the Group for the six months period ended 30 September 2019 are disclosed in the Company's interim report for the six months period ended 30 September 2019 (the "**2019 Interim Report**"). The aforesaid are incorporated by reference into this circular. The said annual reports and interim report of the Company have been posted on the website of the Stock Exchange at http://www.hkex.com.hk and the website of the Company at https://www.eftsolutions.com/.

The financial information of the Group for the financial year ended 31 March 2017 is disclosed in the 2017 Annual Report published on 28 June 2017, from pages 51 to 95. The quick link is below:

https://www1.hkexnews.hk/listedco/listconews/gem/2017/0628/gln20170628033.pdf

The financial information of the Group for the financial year ended 31 March 2018 is disclosed in the 2018 Annual Report published on 29 June 2018, from pages 54 to 101. The quick link is below:

https://www1.hkexnews.hk/listedco/listconews/gem/2018/0629/gln20180629025.pdf

The financial information of the Group for the financial year ended 31 March 2019 is disclosed in the 2019 Annual Report published on 28 June 2019, from pages 68 to 131. The quick link is below:

https://www1.hkexnews.hk/listedco/listconews/gem/2019/0628/gln20190628251.pdf

The financial information of the Group for the six months period ended 30 September 2019 is disclosed in the 2019 Interim Report published on 14 November 2019, from pages 6 to 35. The quick link is below:

https://www1.hkexnews.hk/listedco/listconews/gem/2019/1114/2019111400665.pdf

2. INDEBTEDNESS

At the close of business on 30 September 2019, being latest practicable date prior to this circular for ascertaining certain information relating to the indebtedness statement, the indebtedness of the Group was as follows:

Bank borrowings

The Group had an outstanding principal amount of bank borrowings of approximately HK$4,385,000, which was unsecured, interest rate at 3.8% per annum and repayable within one year.

Promissory notes

The Group had an outstanding principal amount of promissory note of approximately HK$194,000,000, which was unsecured, interest rate at 4.0% per annum and repayable as follow:

Principal amount	**Maturity date**
HK$92,000,000	30 June 2020
HK$32,000,000	30 June 2021
HK$70,000,000	30 June 2022

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding as at 30 September 2019.

Save as aforementioned in this indebtedness statement, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 30 September 2019 up to and including the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including its internally generated funds, the available facilities and the net proceeds to be received from the Disposal, the Group has, in the absence of unforeseen circumstances, sufficient working capital for its present requirement for at least the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

Save for the decrease in profit of the Group for the six months period ended 30 September 2019 primarily due to (i) the Group sourced more EFT-POS terminals and peripheral devices to customers with relatively lower profit margin; and (ii) the deterioration in financial performance of the Disposal Group for the six months period ended 30 September 2019 as disclosed in the financial information of the Disposal Group in Appendix II to this circular and the 2019 Interim Report, the Directors consider there is no material adverse change in the financial or trading position of the Group since 31 March 2019, being the date to which the latest published audited financial statements of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the continuing operations of the Remaining Group for the three years ended 31 March 2017, 2018 and 2019 and for the six months ended 30 September 2019.

For the financial year ended 31 March 2017

Business review and strategy

During the year ended 31 March 2017, the Remaining Group continued its efforts in developing the sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services and maintained steady growth of approximately 15.9% in total revenue.

The Remaining Group's business objective was to maintain its position as the leading EFT-POS solution provider that focuses on providing 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 Company was listed on GEM of the Stock Exchange on 15 December 2016 (the "**Listing**"). The Remaining Group planned to continue to expand its market share and strengthen its market position in Hong Kong. To achieve such objectives, the Remaining Group intended to implement its business strategies, which were to expand and diversify its business offering to increase revenue streams. The Remaining Group's strategies were aimed to promote the business opportunities in the following areas:

Acquiring host software services – to capture this market opportunity by leveraging the Remaining Group's years of operating experience in the EFT-POS industry, together with the technical know-how and software development capabilities accumulated from developing electronic payment standards applications and software solution services in the past years to develop a tailored secure real-time transaction data gathering system or "acquiring host" software to fit the needs of local acquirers and merchants;

Food and beverage service providers – to promote and offer a wide range of EFT-POS terminals including "pay at table" devices with functionality and to develop tailored software that accommodate the different needs of food and beverage service providers so as to increase the number of "pay at table" devices for payment transactions used by the food and beverage service providers;

Public car parking systems – to introduce and promote a new generation of parking systems that accept EFT-POS terminals with features and functions that can out-perform the existing public parking systems; and

Taxi – to capture market opportunities by building stronger relationships with more taxi management companies and taxi owners in Hong Kong and with acquirers so as to promote the Remaining Group's services and increase the number of taxis accepting credit and debit card payments.

Financial review

Revenue

The Remaining 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$46.0 million and HK$53.3 million was recognised for the year ended 31 March 2016 and 2017, respectively, which represents a steady growth of approximately 15.9%.

For sourcing of EFT-POS terminals and peripheral devices, revenue of approximately HK$20.6 million and HK$23.8 million was recognised for the year ended 31 March 2016 and 2017, respectively, which represents a steady growth of approximately 15.5% due to increase in number of terminals sold.

For provision of EFT-POS system support services, revenue of approximately HK$24.4 million and HK$27.2 million was recognised for the year ended 31 March 2016 and 2017, respectively, which represents a mild growth of approximately 11.5%. Despite the increased competition in the industry and the slowdown of growth in the economy and private consumption in Hong Kong, the Remaining Group had achieved a steady growth of approximately 11% in the number of EFT-POS terminals covered by its system support services.

For provision of software solution services, revenue of approximately HK$1.0 million and HK$2.3 million was recognised for the year ended 31 March 2016 and 2017, respectively, which represents a significant growth of approximately 130.0% due to increase in number of software solution projects.

Gross profit and gross profit margin

The overall gross profit was approximately HK$20.7 million and HK$22.0 million for the year ended 31 March 2016 and 2017, respectively, which represented a mild increase of approximately 6.3%. And the overall gross profit margin for the year ended 31 March 2016 and 2017 was approximately 45.0% and 41.4%, respectively, which represented a slight decrease of approximately 3.6%. The reason for the decrease was that the Remaining Group sourced more EFT-POS peripheral devices to a customer which generated relatively higher profit margin in the previous year as compared to that in the year ended 31 March 2017.

(Loss) Profit for the Year

The Remaining Group recorded profit for the year of approximately HK$13.3 million for the year ended 31 March 2016 and loss of approximately HK$1.3 million for the year ended 31 March 2017. By excluding the effect of the one-off non-recurring listing expenses of approximately HK$1.0 million and HK$13.1 million for the year ended 31 March 2016 and 2017, respectively, the Remaining Group would have recorded profit after tax of approximately HK$14.3 million and HK$11.8 million for the year ended 31 March 2016 and 2017, respectively.

Financial position, liquidity and financial resources

The Remaining Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimize the costs of funds, the Remaining 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 Remaining Group has remained at a sound financial resource level. As at 31 March 2017, the Remaining Group had net current assets of approximately HK$56.8 million (2016: approximately HK$9.8 million) including cash and cash equivalents of approximately HK$4.2 million and HK$46.4 million, respectively, as at 31 March 2016 and 2017.

As at 31 March 2017, the gearing ratio (calculated on the basis of total bank borrowings divided by the total equity as at the end of the year) of the Remaining Group was approximately 0.54% (2016: approximately 79.5%).

Pledge of assets

As at 31 March 2017, the Remaining Group did not have any pledged assets (2016: nil).

As at 31 March 2017, the Remaining Group's bank borrowing was previously guaranteed by Mr. Lo and secured by a property of Mr. Lo and these have been replaced by a corporate guarantee on the date of Listing.

As at 31 March 2016, the Remaining Group's bank borrowings were wholly guaranteed by Mr. Lo and his spouse, Ms. Lam Ching Man ("**Ms. Lam**") (collectively the "**Lo's Family**") and Affinity Corporation Limited ("**Affinity**"), a company wholly owned by Mr. Lo, and secured by several properties of Lo's Family and those loans were either fully paid or taken up by Mr. Lo during the year ended 31 March 2017.

Foreign currency risk

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

Capital commitments and contingent liabilities

As at 31 March 2017, the Remaining Group did not have any significant capital commitment (2016: nil).

During the year ended 31 March 2015, the Remaining 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 March 2016, the total amount of banking facilities utilised by Affinity of which guarantee was provided by the Remaining Group amounted to approximately HK$2.4 million. The utilised banking facilities of approximately HK$2.4 million as at 31 March 2016 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 during the year ended 31 March 2017 and hence, the guarantee provided by the Remaining Group to Affinity also ceased accordingly.

As at 31 March 2017, the Remaining Group did not have any significant contingent liability.

Capital structure

The Company's Shares were successfully listed on the GEM on 15 December 2016. There had been no change in the Company's capital structure since 15 December 2016. The capital structure of the Remaining Group comprises of issued share capital and reserves. The Directors review the Remaining Group's capital structure regularly.

Material acquisitions and disposals

Save for the corporate reorganisation between May to June 2016 (the "**Reorganisation**") during the year ended 31 March 2017, the Remaining Group did not have any material acquisition and disposal. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" of the prospectus of the Company dated 5 December 2016 (the "**Prospectus**").

Employees and remuneration policies

As at 31 March 2017, the Remaining Group employed 57 (2016: 67) full time employees (including executive Directors). The Remaining Group determines the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Remaining Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses.

Significant investments and plan for material investments or capital assets

Save for investment in its subsidiaries by the Company, the Remaining Group did not have any significant investments held as at 31 March 2017. Save as disclosed in the Prospectus or otherwise in the 2017 Annual Report, the Remaining Group did not have any plans for material investments or capital assets as at 31 March 2017.

For the financial year ended 31 March 2018

Business review and strategy

During the year ended 31 March 2018, the Remaining Group continued its efforts in developing the sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services and recorded a growth of approximately 76.5% in total revenue.

The Remaining Group is a leading EFT-POS solutions provider in Hong Kong and continued to maintain its position as the leading EFT-POS solution provider that focuses on providing 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 Remaining Group strived for enlarging its market share and strengthen its market position in Hong Kong by engaging large scale projects with renowned corporations and banks in Hong Kong and overseas. To achieve such objectives, the Remaining Group intended to implement its business strategies, which were to expand and diversify its business offering to increase revenue streams. The Remaining Group's strategies were aimed to promote the business opportunities in the following areas:

Acquiring host software services – to capture this market opportunity by leveraging the Remaining Group's years of operating experience in the EFT-POS industry, together with the technical know-how and software development capabilities accumulated from developing electronic payment standards applications and software solution services. As at 31 March 2018, the Remaining Group had actively participated in merger and acquisitions to look for more business opportunities and approached potential customers to develop tailor-made data system and software to meet their specific needs and to strengthen their capabilities;

Food and beverage service providers – to promote and offer a wide range of EFT-POS terminals including "pay at table" devices with functionality and to develop tailored software that accommodate the different needs of food and beverage service providers so as to increase the number of "pay at table" devices for payment transactions used by the food and beverage service providers. As at 31 March 2018, the Remaining Group had launched project of EFT-POS terminals with one of the largest food and beverage service providers in Hong Kong and will continue to identify and explore more business opportunities in different industries in Hong Kong;

Public car parking systems – to continue for promoting a new generation of parking systems that accept EFT-POS terminals with features and functions that can enhance the corporate value of the target companies. As at 31 March 2018, the Remaining Group had sourced a batch of EFT-POS terminals to the customer in Australia for provision of "Smart" parking. The Remaining Group actively identified and explored more business opportunities like the provision of self-service car park payment system in overseas countries; and

Taxi – to capture market opportunities by building stronger relationships with more taxi management companies and taxi owners in Hong Kong and with acquirers so as to promote its services and increase the number of taxis accepting credit and debit card payments. As at 31 March 2018, the Remaining Group had continued to explore more opportunities in this category to provide all-in-one "Smart" payment solutions services.

Financial review

Revenue

The Remaining 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$53.3 million and HK$94.1 million were recognised for the years ended 31 March 2017 and 2018, respectively, which represents a significant increase of approximately 76.5%. This was mainly due to an increase in provision of software solution services of approximately 1,052.2% compared to that in previous year.

For sourcing of EFT-POS terminals and peripheral devices, revenue of approximately HK$23.8 million and HK$31.4 million were recognised for the years ended 31 March 2017 and 2018, respectively, which represents an increase of approximately 31.9% due to increase in the number of EFT-POS terminals sold.

For provision of EFT-POS system support services, revenue of approximately HK$27.2 million and HK$36.2 million were recognised for the years ended 31 March 2017 and 2018, respectively, which represents an increase of approximately 33.1% due to the increase in the number of EFT-POS terminals covered by the Remaining Group's system support services.

For provision of software solution services, revenue of approximately HK$2.3 million and HK$26.5 million were recognised for the years ended 31 March 2017 and 2018, respectively, which represents a significant increase of approximately 1,052.2% due to the increase in the number of software solution projects in relation to mobile payment methods and ongoing new payment technologies completed during the year at a higher contract values as compared with that in previous year.

Gross profit and gross profit margin

The overall gross profit was approximately HK$22.0 million and HK$48.8 million for the years ended 31 March 2017 and 2018, respectively, which represented an increase of approximately 121.8%. And the overall gross profit margin for the years ended 31 March 2017 and 2018 was approximately 41.4% and 51.9%, respectively, which represented an increase of approximately 10.5%. The reason for the increase was that the Remaining Group completed an increased number of software solution projects with high contract values which generated relatively higher profit margin than that generated from sourcing EFT-POS terminals and system support services in the year ended 31 March 2018 as compared to that in the previous year.

Profit (loss) for the Year

The Remaining Group recorded profit for the year of approximately HK$21.7 million for the year ended 31 March 2018 as compared to a loss of approximately HK$1.3 million for the year ended 31 March 2017. The turnaround result was mainly due to completion of an increased number of software solution projects with high contract values for the year ended 31 March 2018, which was set off against the increase in the share-based payment expenses, and absence of non-recurring listing expenses, boosted the profit of the Remaining Group.

Financial position, liquidity and financial resources

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

The Remaining Group had remained at a sound financial resource level. As at 31 March 2018, the Remaining Group had net current assets of approximately HK$71.0 million (2017: approximately HK$56.8 million) including cash and cash equivalents of approximately HK$22.6 million as at 31 March 2018 (2017: approximately HK$46.4 million).

As at 31 March 2018, the gearing ratio (calculated on the basis of total bank borrowings divided by the total equity as at the end of the year) of the Remaining Group was approximately 5.8% (2017: approximately 0.5%).

Pledge of assets

As at 31 March 2018, the Remaining Group did not have any pledged assets (2017: nil).

Before the date of Listing, the Remaining Group's bank borrowing was previously guaranteed by Mr. Lo and secured by a property of Mr. Lo and these have been replaced by a corporate guarantee on the date of Listing.

Foreign currency risk

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

Capital commitments and contingent liabilities

As at 31 March 2018, the Remaining Group had contracted capital commitment for the acquisition of a subsidiary of approximately HK$210.0 million and capital injection in an associate of approximately HK$0.9 million. Please refer to sub-heading "Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets" for further details. Save as disclosed above, the Remaining Group did not have any significant capital commitment (2017: nil).

As at 31 March 2018, the Remaining Group did not have any significant capital expenditures (2017: nil).

As at 31 March 2018, the Remaining Group did not have any significant contingent liabilities (2017: nil).

Capital structure

As at 31 March 2018, the Remaining Group had bank borrowings of approximately HK$5.0 million (2017: approximately HK$0.3 million). The borrowings were for import trade purpose and unsecured.

Save as disclosed above, there had been no change in the Company's capital structure during the year ended 31 March 2018. The capital structure of the Remaining Group comprises of issued share capital and reserves. The Directors review the Remaining Group's capital structure regularly.

Employees and remuneration policies

As at 31 March 2018, the Remaining Group employed 68 (2017: 57) full time employees (including Directors). The Remaining Group determines the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Remaining Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses.

Significant investments, material acquisitions and disposals of subsidiaries and capital assets

On 22 November 2017, the Remaining Group entered into a subscription agreement with Open Sparkz to subscribe for the subscription shares, which represents 25% of the enlarged issued share capital of Open Sparkz at the consideration of AUD1.0 million by five installments. Open Sparkz is incorporated in Australia and is principally specialising in highly automated offers and rewards solutions using front of wallet credit, debit and prepaid cards. The Remaining Group considers that the subscription could provide an opportunity to the Remaining Group to enter into the electronic payment business. For the year ended 31 March 2018 and up to the date of the 2018 Annual Report, the Remaining Group has paid AUD850,000 to Open Sparkz to subscribe 304,921 shares up to the fourth installments. As at 31 March 2018, the Remaining Group held 21.97% interests of Open Sparkz.

On 2 March 2018, the Remaining Group entered into the subscription agreement with Newport Tek Pty Ltd ("**Newport**") to subscribe for the subscription shares, which represents 75% of the entire issued share capital of Newport at the consideration of approximately AUD360.0. Completion is subjected to fulfillment of the terms and conditions precedent set out in the subscription agreement. Newport is incorporated in Australia and is principally engaged in guiding the clients through the maze of embedded systems technology to achieve an effective price/performance ratio for their products. The Remaining Group considers that the subscription could provide an opportunity to the Remaining Group to enter into the overseas software solutions business. Up to the date of the 2018 Annual Report, all the terms and conditions for completion have been fulfilled and the acquisition was completed on 5 April 2018.

Save as disclosed above, the Remaining Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the year ended 31 March 2018 and up to the date of 2018 Annual Report.

Plans for material investments and acquisitions

As of the date of the 2018 Annual Report, the Remaining Group has entered into the Memorandum of Understanding ("**MOU**") in respect of the following proposed material investments and acquisitions as follows:

- The Remaining Group has conditionally proposed to invest in Hung Wai for a majority stake by way of subscription of new shares or acquisition of shares. Hung Wai Holdings Limited ("**Hung Wai**") is incorporated in Hong Kong and is principally engaged in investment holding and the trading of electronic technological products, and vending machines used in conjunction with EFT-POS products and peripheral devices. The Remaining Group considers that the proposed investment could provide an opportunity to the Remaining Group to expand the Remaining Group's market share through provision of customised EFT-POS products and devices to meet the specific customer needs and to meet global trend of smart city development and will further enhance the investment portfolio and future earnings of the Remaining Group. Please refer to the Company's announcement dated 25 October 2017 for further details. The exclusivity period of the MOU has been extended to six months since the expiry date of MOU. Up to the date of the 2018 Annual Report, the process of due diligence on Hung Wai is still ongoing.

- The Remaining Group has conditionally proposed to make an angel investment in Trend Lab Limited ("**Trend Lab**") by way of subscription of new shares, which represents approximately 10% of the enlarged issued share capital of Trend Lab. Trend Lab is incorporated in Hong Kong and is principally focusing on electronic payments. The Remaining Group considers that the proposed subscription could provide an opportunity to the Remaining Group to enter into the electronic payment business. Please refer to the Company's announcement dated 15 January 2018 for further details.

Save as disclosed above, the Remaining Group did not have any plans for material investments and acquisitions as at 31 March 2018 and up to the date of the 2018 Annual Report.

For the financial year ended 31 March 2019

Business review and strategy

According to the statistics from the Hong Kong Monetary Authority (the "**HKMA**") (https://www.hkma.gov.hk/eng/news-and-media/press-releases/2019/03/20190322-3/), the total number of credit cards in circulation in Hong Kong under the credit card schemes of card scheme operators was approximately 19.46 million in the fourth quarter of 2018. The total number of credit card transactions was approximately 196.62 million and the total value of credit card transactions was approximately HK$196.9 billion, which represented an increase of 18.7% and 7.9%, respectively, as compared to the corresponding period of last year. Stored Value Facilities ("**SVF**") in Hong Kong are also blooming. As per another press release of HKMA titled "Statistics of Stored Value Facilities (SVF) Schemes Issued by SVF Licensees" (https://www.hkma.gov.hk/eng/news-and-media/press-releases/2019/03/20190322-4/), the total number of SVF transactions was around 1.6 billion in the Fourth quarter of 2018, representing a 9.7% increase on a year-on-year basis.

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

Hardware Devices

The implementation of the SVF scheme in late 2016 and the Faster Payment System ("**FPS**") in September 2018 by the HKMA 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 the Remaining Group's experience in the electronic payment industry and its well-established business relationships with EFT-POS terminal and peripheral device manufacturers, it has achieved a substantial growth in revenue for the year ended 31 March 2019 and the Remaining Group would continue to penetrate into electronic payment market by providing suitable EFT-POS solutions to meet the demands of its customers.

System Support and Software Solutions Services

The Remaining Group continued to develop the EFT-POS system support business which included the development of software that complies with electronic payment standards acceptance certification, the installation and ongoing maintenance and repair services of EFT-POS terminals and other related services and customised project-based software solution services. For the year ended 31 March 2019, the Remaining Group successfully provided integrated payment solutions to several mass transportation service providers in Hong Kong to accept electronic payment. As a market leader of the EFT-POS solutions provider in Hong Kong, the Remaining Group maintains its focus on strengthening its position in the industry and take initiatives to further provide business solutions to its customers. The Remaining Group entered into the provision of embedded system solution services in Australia through the subscription of shares of Newport on 5 April 2018, which represented 75% of Newport's shareholdings. The Remaining Group successfully acquired Newport, which has expanded its business to cover embedded system solutions in finance, transportation and manufacturing sectors. It is anticipated that by acquiring this company would enable the Remaining Group to provide more variety of services to its customers and enable the Remaining Group to enlarge the market shares of software solution business in Hong Kong, and other potential geographical cities.

Financial review

Revenue

During the reporting period, the Remaining Group successfully entered into the market of embedded system solution services, which enable us to enlarge the market share of the software solution business and to explore more business opportunities in payment solutions. Revenue of approximately HK$94.1 million and HK$107.5 million were recognised for the years ended 31 March 2018 and 2019, respectively, which represented an increase of approximately 14.2%. This was driven by the increase in sourcing of EFT-POS terminals and peripheral devices and provision of system support services.

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

For provision of system support and software solution services, revenue of approximately HK$62.8 million and HK$57.5 million were recognised for the years ended 31 March 2018 and 2019, respectively, which represented a decrease of approximately 8.4% mainly due to decrease in the number of software solutions projects completed in the year ended 31 March 2019.

Gross profit and gross profit margin

The overall gross profit was approximately HK$48.8 million and HK$37.9 million for the years ended 31 March 2018 and 2019, respectively, which represented a decrease of approximately 22.3%. Such decrease of gross profit was primarily due to the decrease of gross profit from the software solution projects of the Remaining Group. The overall gross profit margin decreased from approximately 51.9% for the year ended 31 March 2018 to approximately 35.2% for the year ended 31 March 2019. Such decrease of approximately 16.7% was primarily due to the fact that the Remaining Group completed projects with relatively lower profit margin in the year ended 31 March 2019.

Profit for the Year

The Remaining Group recorded profit for the year of approximately HK$21.7 million and HK$12.9 million for the years ended 31 March 2018 and 2019, respectively. Such decrease was mainly due to decrease in gross profit of the Remaining Group.

Financial position, liquidity and financial resources

The Remaining Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the costs of funds, the Remaining 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 Remaining Group has remained at a sound financial resource level. As at 31 March 2019, the Remaining Group had net current assets of approximately HK$53.2 million (2018: approximately HK$71.0 million) including cash and cash equivalents of approximately HK$40.9 million as at 31 March 2019 (2018: approximately HK$22.6 million).

As at 31 March 2019, the gearing ratio (calculated on the basis of total bank borrowings divided by the total equity as at the end of the year) of the Remaining Group was approximately 15.7% (2018: approximately 5.8%). Details of the borrowings of the Remaining Group is disclosed in Note 25 to the consolidated financial statements.

Pledge of assets

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

Foreign currency risk

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

Capital commitments and contingent liabilities

Please refer to the section headed "Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets" in the 2019 Annual Report for further details.

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

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

Capital structure

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

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

Employees and remuneration policies

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

Significant investments, material acquisitions and disposals of subsidiaries and capital assets

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

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

Please refer to the section headed "Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets" in the 2019 Annual Report for further details.

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

Plans for material investments and acquisitions

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

For the six months period ended 30 September 2019

Business review and outlook

The Remaining 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.

The Remaining Group is confident in positioning itself 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 complies with electronic payment standards acceptance certification, installation and ongoing maintenance and repair services of EFT-POS terminals.

The Remaining Group will continue to provide customised project-based software solution services so as to further capture the ongoing growing opportunities and expand its local market share in the EFT-POS terminal market. The Remaining Group 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 September 2019, the Remaining 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.

The Company expects there are ample opportunities for growth in EFT-POS terminals and peripheral devices and provision of EFT-POS system support services and software solution services under the rapid development on the digital payment market, especially the popularity of the QR code payment, FPS and e-wallet payment system.

Hardware Devices

The implementation of the SVF scheme in late 2016 and the FPS in September 2018 by the HKMA 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, NFC, contactless payment, e-wallet payment, QR code payment and FPS. By leveraging the Company's experience in the electronic payment industry and its well-established business relationships with EFT-POS terminal and peripheral device manufacturers, the Remaining Group has maintained a stable level of revenue for the period ended 30 September 2019 and would continue to penetrate into electronic payment market by providing suitable EFT-POS solutions to meet the demands of its customers.

System Support and Software Solutions Services

The Remaining Group continued to develop the EFT-POS system support business which included the development of software that complies 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 September 2019, the Remaining Group successfully provided integrated payment solutions to several mass transportation service providers in Hong Kong to accept electronic payment.

Overall

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

However, the Remaining Group foresees the ongoing social unrests in Hong Kong may have negative impact to its performance due to the possible decrease in the sales of EFT-POS terminals and peripheral devices and the number of EFT-POS terminals covered by its system support services. The Company will closely monitor the conditions and keep its Shareholders informed of the development.

Financial review

Revenue

During the reporting period, revenue of the Remaining Group of approximately HK$54.8 million was recognised for the reporting period as compared with approximately HK$46.4 million in the corresponding period in 2018. The Remaining Group achieved a revenue increase of approximately 18.1% on a period-to-period basis. This was mainly driven by the increase in revenue in EFT-POS terminals and peripheral devices and EFT-POS software solution services.

For sourcing of EFT-POS terminals and peripheral devices, revenue of approximately HK$21.3 million was recognised for the reporting period which represented an increase of approximately 11.4% as compared to approximately HK$19.1 million in the corresponding period in 2018, which was attributable to increase in the number of EFT-POS terminals sold.

For provision of EFT-POS system support services, revenue of approximately HK$26.3 million was recognised for the reporting period which represented an increase of approximately 27.7% as compared to approximately HK$20.6 million in the corresponding period in 2018 due to increase in number of EFT-POS terminals covered by the Remaining Group's system support services.

For provision of EFT-POS software solution services, revenue of approximately HK$4.3 million was recognised for the reporting period which represented an increase of approximately 1.4% as compared to approximately HK$4.2 million in the corresponding period in 2018. It was attributable to the decrease in the number of software solution projects completed during the reporting period.

For the embedded system solution services, revenue of approximately HK$2.9 million was recognised for the reporting period which represented an increase of approximately 13.6% as compared to approximately HK$2.5 million in the corresponding period in 2018. It was attributable to the increase in the number of embedded system solution projects during the reporting period.

Gross profit and gross profit margin

The overall gross profit for the reporting period was approximately HK$25.5 million (six months ended 30 September 2018: approximately HK$23.5 million), which represented an increase of about 8.5%. The overall gross profit margin for the reporting period was about 46.5% (six months ended 30 September 2018: approximately 50.6%), which represented a decrease of about 4.1%. The reason for the decrease was primarily due to the Remaining Group sourced more EFT-POS terminals and peripheral devices to customers with relatively lower profit margin in the reporting period as compared to that in the corresponding period in 2018.

Profit for the Period

The Remaining Group recorded profit of approximately HK$13.2 million for the six months period ended 30 September 2019 (six months period ended 30 September 2018: approximately HK$13.4 million). The profit was relatively stable over the corresponding period in 2018.

Financial position, liquidity and financial resources

The Remaining Group adopts a prudent cash and financial management policy. The Remaining Group has remained at a sound financial resource level. As at 30 September 2019, the Remaining Group had net current assets of approximately HK$66.5 million (as at 31 March 2019: approximately HK$53.2 million), including cash and bank balances of approximately HK$42.8 million (as at 31 March 2019: approximately HK$40.9 million). The increase in the net current assets was mainly due to the decrease of the bank borrowings.

As at 30 September 2019, 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 Remaining Group was approximately 4.6% (as at 31 March 2019: approximately 15.7%).

Pledge of assets

As at 30 September 2019, the Remaining Group did not have any pledged assets (as at 31 March 2019: nil).

Foreign currency risk

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

Capital commitments and contingent liabilities

As at 30 September 2019, the Remaining Group did not have any significant capital commitments (as at 31 March 2019: nil).

As at 30 September 2019, the Remaining Group did not have any significant capital expenditure (as at 31 March 2019: nil).

As at 30 September 2019, the Remaining Group did not have any significant contingent liability (as at 31 March 2019: nil).

Capital structure

As at 30 September 2019, the Remaining Group had bank borrowings of approximately HK$4.5 million (as at 31 March 2019: approximately HK$13.3 million). The bank borrowings were for tax purpose and unsecured.

Save as disclosed above, there has been no change in the Company's capital structure during the reporting period. The capital structure of the Remaining Group comprises of issued share capital and reserves. The Directors review the Remaining Group's capital structure regularly.

Employees and remuneration policies

As at 30 September 2019, the Remaining Group employed 68 (as at 31 March 2019: 68) full time employees (including executive Directors). The Remaining Group determines the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Remaining Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses.

Significant investments, material acquisitions and disposals of subsidiaries and capital assets

Save as the Sale and Purchase Agreement entered into between the Vendor and Purchaser in relation to the Disposal, the Remaining Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the reporting period and up to the date of the 2019 Interim Report.

Plans for material investments and acquisitions

Saved as disclosed elsewhere in the 2019 Interim Report, the Remaining Group did not have any plans for material investments and acquisitions as at 30 September 2019 and up to the date of the 2019 Interim Report.

6. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The Remaining Group is principally engaged in sourcing of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services and software solutions services. Under the rapid developments request on the digital payment market, especially the popularity of the QR code payment, FPS and e-wallet payment system, the Remaining Group will continue to provide the leading-edge terminals and software solution services to its customers.

The Disposal will increase the funding and resources of the Remaining Group by reducing the debts and interest payables arising from the Previous Acquisition in order to deploy more resources and focus on development of the Remaining Group's core business so as to further capture the ongoing opportunities and expand its local market share in EFT-POS terminal market under the rapid development in the market.

The Remaining Group will, from time to time, assess the performance and prospects of its core business and continue to strengthen its established markets. The Remaining Group will seek cooperation and development opportunities with an aim of maximising the investment returns for its Shareholders.

The following is the text of a report received from Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

10/F, 8 Observatory Road,
Tsimshatsui,
Hong Kong

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF EFT SOLUTIONS HOLDINGS LIMITED

Introduction

We have reviewed the condensed consolidated financial information set out on pages II-3 to II-9, which comprises the unaudited condensed consolidated statements of financial position of Earn World Development Limited (the ''Disposal Company'') and its subsidiaries (collectively referred to as the ''Disposal Group'') as of 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019 and the unaudited condensed consolidated statements of profit or loss and other comprehensive income, the unaudited condensed consolidated statements of changes in equity and the unaudited condensed consolidated statements of cash flows for the years ended 31 March 2017, 31 March 2018 and 31 March 2019 and the six months ended 30 September 2019 (the ''Relevant Periods'') and explanatory notes. The consolidated financial information has been prepared solely for the purpose of inclusion in the circular to be issued by EFT Solutions Holdings Limited (the ''Company'') in connection with the disposal of the Disposal Company in accordance with Rule 19.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the ''GEM Listing Rules'').

The directors of the Company are responsible for the preparation and presentation of the condensed consolidated financial information of the Disposal Group in accordance with the basis of preparation set out in note 2 to the condensed consolidated financial information and Rule19.68(2)(a)(i) of the GEM Listing rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error. The condensed consolidated financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 ''Presentation of Financial Statements'' or an interim financial report as defined in Hong Kong Accounting Standard 34 ''Interim Financial Reporting'' issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review of the condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information of the Disposal Group for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the condensed consolidated financial information.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 26 November 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 March			For the six months ended 30 September	
	2017	2018	2019	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	11,155	20,905	26,842	21,266	8,673
Cost of sales	(3,473)	(3,570)	(6,087)	(1,749)	(6,393)
Gross profit	7,682	17,335	20,755	19,517	2,280
Other income	42	29	1,110	1	5
Administrative expenses	(2,567)	(2,381)	(2,318)	(1,132)	(1,774)
Profit from operation	5,157	14,983	19,547	18,386	511
Finance costs	(57)	(35)	(1)	(1)	–
Profit before income tax	5,100	14,948	19,546	18,385	511
Income tax expenses	(964)	(2,520)	(3,172)	(3,089)	(48)
Profit for the year	4,136	12,428	16,374	15,296	463
Profit for the year attributable to:					
– Owners of the Disposal Company	4,230	12,352	16,012	15,300	466
– Non-controlling interests	(94)	76	362	(4)	(3)
	4,136	12,428	16,374	15,296	463
Other comprehensive loss that may be reclassified subsequently to profit or loss:					
Exchange difference arising on transaction of financial statement of foreign operations	(31)	(58)	53	86	26
Total comprehensive income for the year	4,105	12,370	16,427	15,382	489
Total comprehensive loss for the year attributable to:					
– Owners of the Disposal Company	4,199	12,294	16,064	15,385	492
– Non-controlling interests	(94)	76	363	(3)	(3)
	4,105	12,370	16,427	15,382	489

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March			As at 30 September
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
ASSETS				
Non-Current Assets				
Property, plant and equipment	409	267	630	600
Current Assets				
Trade and other receivable	1,007	11,291	35,868	32,750
Amount due from a director	856	7,910	9,411	11,993
Amount due from a related company	1,482	1,369	1,369	1,369
Bank balances and cash	7,299	2,242	5,466	6,852
Total current assets	10,644	22,812	52,114	52,964
Total assets	11,053	23,079	52,744	53,564
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	78	78	78	78
Reserves	5,181	17,475	33,539	34,031
	5,259	17,553	33,617	34,109
Non-controlling interest	(452)	(376)	(13)	(16)
Total equity	4,807	17,177	33,604	34,093

	As at 31 March			As at 30 September
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
LIABILITIES				
Non-Current Liabilities				
Obligations under finance leases	84	–	–	–
Current Liabilities				
Trade and other payables	1,236	123	178	1,160
Receipt in advance	1,744	1,961	2,267	2,200
Bank loan	1,482	–	–	–
Obligation under finance lease	136	84	–	–
Amount due to a shareholder	725	668	–	10
Amount due to a related company	–	–	11,088	11,088
Tax payable	839	3,066	5,607	5,013
Total current liabilities	6,162	5,902	19,140	19,471
Total liabilities	6,246	5,902	19,140	19,471
Total equity and liabilities	11,053	23,079	52,744	53,564
Net current liabilities	4,482	16,910	32,974	33,493
Total assets less current liabilities	4,891	17,177	33,604	34,093
Net assets	4,807	17,177	33,604	34,093

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital HK$'000	Reserves HK$'000	Retained earnings HK$'000	Subtotal HK$'000	Non-controlling Interest HK$'000	Total HK$'000
At 1 April 2016 (unaudited)	78	(119)	1,101	1,060	(358)	702
Profit for the year	–	–	4,230	4,230	(94)	4,136
Other Comprehensive expenses – exchange difference arising on translation of financial statement of foreign operation	–	(31)	–	(31)	–	(31)
Total comprehensive income for the year	–	(31)	4,230	4,199	(94)	4,105
At 31 March 2017 (unaudited)	78	(150)	5,331	5,259	(452)	4,807
Profit for the year	–	–	12,352	12,352	76	12,428
Other comprehensive expenses-exchange differences arising on translation of financial statement of foreign operation	–	(58)	–	(58)	–	(58)
Total comprehensive income for the year	–	(58)	12,352	12,294	76	12,370
At 31 March 2018 (unaudited)	78	(208)	17,683	17,553	(376)	17,177
Profit for the year	–	–	16,012	16,012	362	16,374
Other comprehensive expenses – exchange differences arising on translation of financial statement of foreign operation	–	52	–	52	1	53
Total comprehensive income for the year	–	52	16,012	16,064	363	16,427
At 31 March 2019 (unaudited)	78	(156)	33,695	33,617	(13)	33,604
At 1 April 2018 (unaudited)	78	(208)	17,683	17,553	(376)	17,177
Profit for the period	–	–	15,300	15,300	(4)	15,296
Other comprehensive expenses – exchange differences arising on translation of financial statement of foreign operation	–	85	–	85	1	86
	–	85	15,300	15,385	(3)	15,382
As 30 September 2018 (unaudited)	78	(123)	32,983	32,938	(379)	32,559
At 1 April 2019 (unaudited)	78	(156)	33,695	33,617	(13)	33,604
Profit for the period	–	–	466	466	(3)	463
Other comprehensive expenses – exchange differences arising on translation of financial statement of foreign operation	–	26	–	26	–	26
	–	26	466	492	(3)	489
At 30 September 2019 (unaudited)	78	130	34,161	34,109	(16)	34,093

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 March			For the six months ended 30 September	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
OPERATION ACTIVITIES					
Profit for the year	5,100	14,948	19,546	18,385	511
Adjustments for:					
Depreciation of property, plant and equipment	136	142	133	67	30
Gain on disposal of property, plant and equipment	–	–	(290)	–	–
Interest income	(42)	(29)	(2)	(2)	(2)
Finance expense	57	35	1	1	–
Operating cash flows before movements in working capital	5,251	15,096	19,388	18,451	539
Changes in trade and other receivables	(2,239)	(17,225)	(14,990)	(16,587)	536
Changes in trade and other payables	282	(953)	(307)	(269)	924
Cash generated from operations	3,294	(3,082)	4,091	1,595	1,999
Income tax paid	(119)	(293)	(631)	–	(642)
Net cash generated from operating activities	3,175	(3,375)	3,460	1,595	1,357
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	–	–	(651)	–	–
Proceed from disposal of property, plant and equipment	–	–	445	–	–
Interest received	42	29	2	2	2
Net cash generated from/(used in) investing activities	42	29	(204)	2	2

	For the year ended 31 March			For the six months ended 30 September	
	2017	2018	2019	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
FINANCING ACTIVITIES					
Repayment of bank loan	(266)	(1,482)	–	–	–
Repayment of obligation under finance lease	(132)	(136)	(84)	(70)	–
Interest paid	(57)	(35)	(1)	(1)	–
Net cash from financing activities	(455)	(1,653)	(85)	(71)	–
Net increase/(decrease) in cash and cash equivalents	2,762	(4,999)	3,171	1,526	1,359
Cash and cash equivalents at 1 April	4,568	7,299	2,242	2,242	5,466
Effect of exchange rate changes	(31)	(58)	53	86	27
Cash and cash equivalents at 31 March	7,299	2,242	5,466	3,854	6,852
Represented by Bank balances and Cash	7,299	2,242	5,466	3,854	6,852

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. General

EFT Solutions Holdings Limited (the ''Company'') and its subsidiaries (together the ''Group'') were 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.

On 11 October 2019, Rich Giant Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company, and Earn World Enterprises Limited (the ''Purchaser'') entered into a sale and purchase agreement for the disposal of the 70% equity interest in Earn World Development Limited (the ''Disposal Company'') and its subsidiaries (together the ''Disposal Group'') at a consideration of HK$210,000,000 (the ''Disposal''). Upon completion of the Disposal, the Disposal Group will cease to be subsidiaries of the Company.

2. Basis of preparation and presentation of historical financial information

The unaudited consolidated financial information of the Disposal Group has been prepared in accordance with Rule 19.68(2)(a)(i)(A) of The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, and is solely for the purpose of inclusion in the circular issued by the Company in connection with the Disposal.

The amounts included in the unaudited consolidated financial information for each of the three years ended 31 March 2019 have been recognised and measured in accordance with the relevant accounting policies of the Company and its subsidiaries adopted in the preparation of the Company's annual consolidated financial statements, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited consolidated financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) ''Presentation of Financial Statements'' or an interim financial report as defined in Hong Kong Accounting Standard 34 ''Interim Financial Reporting'' issued by the Hong Kong Institute of Certified Public Accountants and should be read in conjunction with the Company's annual consolidated financial statements.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

(a) Introduction

The following unaudited pro forma financial information has been prepared by EFT Solutions Holdings Limited (the "Company") to illustrate (a) the financial position of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"), excluding Earn World Development Limited (the "Disposal Company") and its subsidiaries (hereinafter collectively referred to as the "Disposal Group") (hereinafter referred to as the "Remaining Group") as if the proposed disposal of the Disposal Group (the "Proposed Disposal") had been completed on 30 September 2019; and (b) the financial results and cash flows of the Remaining Group as if the Proposed Disposal had been completed on 1 April 2018. Details of the Proposed Disposal are set out in the section headed "Letter from the Board" contained in this Circular.

The unaudited pro forma financial information of the Remaining Group has been prepared in accordance with Paragraph 7.29 of the GEM Listing Rules and solely for the purpose of illustrating the financial position of the Remaining Group as if the Proposed Disposal had been completed on 30 September 2019; and the financial results and cash flows of the Remaining Group as if the Proposed Disposal had been completed on 1 April 2018.

The unaudited pro forma financial information of the Remaining Group is prepared based upon (i) the unaudited consolidated statement of financial position of the Group as at 30 September 2019, as extracted from the published interim report of the Company for the six months ended 30 September 2019; and (ii) the audited consolidated statement of profit or loss, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2019, as extracted from the published annual report of the Company for the year ended 31 March 2019, after giving effect to the pro forma adjustments described in the accompanying notes. These pro forma adjustments are directly attributable to the Proposed Disposal; and factually supportable.

The unaudited pro forma financial information of the Remaining Group is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, it may not give a true picture of financial position of the Group had the Proposed Disposal been completed as at 30 September 2019 to or at any future dates, and it may not give a true picture of the results of operations or cash flows of the Group had the Proposed Disposal been completed as at 1 April 2018 or for any future years, whichever are applicable.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the "Financial information of the Group" set forth in Appendix I to this Circular, the report on review of consolidated financial information of the Disposal Group set for thin Appendix II to this Circular and other information included elsewhere of this Circular.

(b) Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Remaining for the year ended 31 March 2019

	Audited consolidated statement of profit or loss of the Group for the year ended 31 March 2019	Pro Forma Adjustments		Unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the year ended 31 March 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
Revenue	132,937	(25,438)		107,499
Cost of goods sold and services	(75,174)	5,567		(69,607)
Gross profit	57,763			37,892
Other income	1,686	(1,110)		576
Other losses	(5,450)	1,203	3,321	(926)
Administrative expenses	(23,384)	1,963	1,371	(20,050)
Operating profit	30,615			17,492
Finance costs	(9,083)		8,880	(203)
Share of results of an associate	(1,104)			(1,104)
Profit before tax	20,428			16,185
Income tax expense	(6,155)	2,867		(3,288)
Profit for the year	14,273			12,897
Attributable to:				
– Equity holders of the Company	9,746	(10,438)	13,572	12,880
– Non-controlling interests	4,527	(4,510)		17
	14,273			12,897

(c) Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining for the year ended 31 March 2019

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 March 2019	Pro Forma Adjustments		Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 March 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
Profit for the year				
Other comprehensive income, net of tax				
Items that may be subsequently reclassified to profit or loss:	14,273	(14,948)	13,572	12,897
Exchange differences arising on translation of the financial statements of foreign subsidiaries	60	(36)		24
Fair value change of financial assets at fair value through other comprehensive income	(700)			(700)
Total comprehensive income for the year	13,633			12,221
Total comprehensive income attributable to:				
– Owners of the Company	9,089	(10,463)	13,572	12,198
– Non-controlling interests	4,544	(4,521)		23
	13,633			12,221

(d) Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2019

	Unaudited consolidated statement of financial position of the Group as at 30 September 2019	Pro Forma Adjustments				Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 4)	*(Note 5*	*(Note 6)*	*(Note 7)*	*(Note 8)*	
NON-CURRENT ASSETS						
Property, plant and equipment	4,445	(600)				3,845
Right-of-use assets	2,124					2,124
Intangible assets	16,544		(14,258)			2,286
Goodwill	175,257		(175,030)			227
Investment in an associate	3,967					3,967
Financial assets at fair value through other comprehensive income	19,900					19,900
Deposit	305					305
	222,542					32,654
CURRENT ASSETS						
Inventories	8,197					8,197
Trade and other receivables	77,686	(46,112)				31,574
Bank balances and cash	38,271	(6,852)		12,800	(1,400)	42,819
	124,154					82,590
CURRENT LIABILITIES						
Trade and other payables	(16,439)	3,370		3,200		(9,869)
Bank borrowings	(4,500)					(4,500)
Promissory notes	(90,128)			90,128		–
Lease liabilities	(1,416)					(1,416)
Due to the Remaining Group	–	11,088			(11,088)	–
Tax payable	(5,344)	5,013				(331)
	(117,827)					(16,116)
NET CURRENT ASSETS	6,327					66,474
TOTAL ASSETS LESS CURRENT LIABILITIES	228,869					99,128
NON-CURRENT LIABILITIES						
Other payables	–					–
Promissory notes	(108,874)			108,874		–
Lease liabilities	(730)					(730)
Deferred tax liabilities	(2,575)		2,353			(222)
	(112,179)					(952)
NET ASSETS	116,690					98,176
CAPITAL AND RESERVES						
Share capital	(4,800)	78			(78)	(4,800)
Share premium and reserves	(98,789)	34,031	173,818	(215,002)	12,566	(93,376)
	(103,589)					(98,176)
Non-controlling interest	(13,101)	(16)	13,117			–
	(116,690)					(98,176)

(e) Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group for the year ended 31 March 2019

	Audited consolidated statement of cash flow of the Group for the year ended 31 March 2019	Pro Forma Adjustments				Unaudited pro forma consolidated statement of cash flow of the Remaining Group for the year ended 31 March 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 9)	*(Note 10)*	*(Note 11)*	*(Note 12)*	*(Note 8)*	
OPERATING ACTIVITIES						
Profit before tax	20,428	(17,815)	13,572		(1,400)	14,785
Adjustment for:						
Change in fair value of derivative financial instrument	3,321		(3,321)			–
(Gain)/Loss on disposal of property, plant and equipment	(166)	290				124
Depreciation of property, plant and equipment	1,888	(111)				1,777
Bank interest income	(13)					(13)
Amortisation of intangible assets	1,632		(1,371)			261
Forfeiture of share options	–					–
Share-based payment expenses	–					–
Finance costs	9,083		(8,880)			203
Allowance for doubtful debts	1,342					1,342
Share of results of an associate	1,104					1,104
Operating cash flows before movements in working capital	38,619					19,583
Changes in inventories	1,115					1,115
Changes in trade and other receivables	16,798	25,867				42,665
Changes in trade and other payables	(5,670)	(11,027)				(16,697)
Cash generated from operations	50,862					46,666
Income taxes paid	(8,728)	433				(8,295)
NET CASH GENERATED FROM OPERATIONS	42,134					38,371
INVESTING ACVITIES						
Purchase of intangible assets	(2,298)					(2,298)
Proceeds from disposal of property, plant and equipments	527	(445)				82
Purchase of property, plant and equipment	(5,883)	651				(5,232)
Rental deposit received	4					4
Investment in an associate	(869)					(869)
Bank interest income	13					13
Investment in financial asset at fair value through other comprehensive income	(20,000)					(20,000)
Cash outflow from acquisition of subsidiaries	(6,247)			6,265		18
NET CASH USED IN INVESTING ACTIVITIES	(34,753)					(28,282)
FINANCING ACTIVITIES						
Proceeds from bank borrowings	13,344					13,344
Repayment of bank borrowings	(5,000)					(5,000)
Interest paid	(203)	61				(142)
NET CASH GENERATED FROM FINANCING ACTIVITIES	8,141					8,202
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,522					18,291
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	22,626					22,626
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	58	(35)				23
CASH AND CASH EQUIVALENT AT END OF THE YEAR, Representing bank balances and cash	38,206					40,940

(f) Notes to the unaudited pro forma financial information of the Remaining Group

1. The audited consolidated statement of profit or loss and the audited consolidated statement of comprehensive income of the Group for the year ended 31 March 2019 were extracted from the Group's audited financial statements for the year ended 31 March 2019 in the Group's published annual report for the year ended 31 March 2019.

2. The adjustment reflects the exclusion of the financial performance of the Disposal Group with net profit of HK$14.9 million for the period from 1 June 2018 (date of consolidation to the Group) to 31 March 2019, which was extracted from the unaudited consolidated statement of profit or loss of the Disposal Group for the period from 1 June 2018 (date of consolidation to the Group) to 31 March 2019.

3. The adjustment reflects the exclusion of the impact on audited consolidated statement of profit or loss for the year ended 31 March 2019 arising from (i) change in fair value of derivative financial instrument of HK$3,321,000; (ii) reversal of amortisation of intangible assets of approximately HK$1,371,000; and (iii) reversal of interest on promissory notes of approximately HK$8,880,000.

4. The unaudited consolidated statement of financial position of the Group as at 30 September 2019 were extracted from the Group's unaudited consolidated financial statements for the six months ended 30 September 2019 in the Group's published interim report for the six months ended 30 September 2019.

5. The adjustment reflects the exclusion of the assets and liabilities of the Disposal Group as if the Disposal had been completed on 30 September 2019. The assets and liabilities for the Disposal Group as at 30 September 2019 have been extracted from the unaudited consolidated statement of financial position of the Disposal Group as at 30 September 2019.

6. The adjustment reflects the derecognition of goodwill, intangible assets and related deferred tax liabilities arising from the acquisition of Disposal Group at consolidation level upon the completion of the Disposal.

7. The adjustment reflects (i) the estimated gross proceeds of HK$12,800,000 from the disposal of the Disposal Group; (ii) the waiver of aggregate unsettled cash consideration of HK$3,200,000; (iii) the waiver of aggregate principal amount of the promissory note issued by the Company of HK$194,000,000 (the aggregate amortised cost of the promissory note was HK$199,002,000 as at 30 September 2019).

8. The adjustment reflects the waiver of indebtedness of HK$11,088,000 as at 30 September 2019 and the estimated transaction costs directly attributable to the Disposal of HK$1,400,000.

9. The audited consolidated statement of cash flows of the Group for the year ended 31 March 2019 was extracted from the Group's audited financial statements for the year ended 31 March 2019 in the Group's published annual report for the year ended 31 March 2019.

10. The adjustment reflects the exclusion of the cash flows of the Disposal Group for the period from 1 June 2018 (date of consolidation to the Group) to 31 March 2019, which was extracted from the unaudited consolidated statement of profit or loss of the Disposal Group for the period from 1 June 2018 (date of consolidation to the Group) to 31 March 2019.

11. The adjustment reflects the exclusion of the impact on audited consolidated statement of cash flows for the year ended 31 March 2019 arising from (i) change in fair value of derivative financial instrument of HK$3,321,000; (ii) reversal of amortisation of intangible assets of approximately HK$1,371,000; and (iii) reversal of interest on promissory notes of approximately HK$8,880,000.

12. The adjustment reflects the reversal of cash flow effect on acquisition of the Disposal during the year ended 31 March 2019.

2. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the text of a report received from Elite partners CPA Limited for the purpose of incorporation in this circular.

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of EFT SOLUTIONS HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of EFT Solutions Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position as at 30 September 2019, the unaudited pro forma statement of profit or loss and other comprehensive income for the year ended 31 March 2019, the unaudited pro forma statement of cash flows for the year ended 31 March 2019 and related notes as set out on pages III-1 to III-7 of the circular issued by the Company dated 26 November 2019 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-7 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of Earn World Development Limited (here after referred to as the "Disposal Company") and its subsidiaries (here in after collectively referred to as the "Disposal Group") on the Group's financial position as at 30 September 2019 and the Group's financial performance and cash flows for the year ended 31 March 2019 as if the transaction had taken place at 30 September 2019 and 1 April 2018, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows have been extracted by the Directors from the Group's financial statements for the six months ended 30 September 2019 and year ended 31 March 2019, respectively.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.29 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.29 of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.29 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2019 or 1 April 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.29 of the GEM Listing Rules.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 26 November 2019

B.I.
To Know Your Strength Better

B.I. Appraisals Limited
保柏國際評估有限公司
Registered Professional Surveyors, Valuers & Property Consultants

26 November 2019

EFT Solutions Holdings Limited
Workshops B1 & B3,
11th Floor, Yip Fung Industrial Building,
Nos. 28-36 Kwai Fung Crescent, Kwai Chung,
New Territories

For the Attention of the Directors

Dear Sirs/Madams,

Re: Valuation of Market Value of 100% Equity Interest in Business Operating Software Solution Limited and its subsidiaries

B.I. Appraisals Limited ("B.I. Appraisals") has concluded its analysis on the 100% equity interest in Business Operating Software Solution Limited (the "Target Company") and its subsidiaries (the "Target Group"). The purpose of this engagement is to estimate the market value of the 100% equity interest in the Target Group as of 30 June 2019 (the "Valuation Date").

Our work is designed solely to assist the management (the "Management") of EFT Solutions Holdings Limited (the "Company") and its subsidiaries (together as the "Group") to determine the market value of the 100% equity interest in the Target Group as of the Valuation Date for transaction reference purpose.

This report states our scope of work and purpose of appraisal, identifies the business appraised, economic and industry overview, describes the basis and methodology of our appraisal, investigation and analysis, major assumptions and limiting conditions, and presents our opinion of value.

PURPOSE OF APPRAISAL

B.I. Appraisals acknowledges that this report is being prepared solely to assist the Management to determine the market value of the 100% equity interest in the Target Group as of the Valuation Date. We understand that this report would be made available for transaction reference purpose only. No other use of our valuation report is intended or should be inferred.

We assume no responsibility whatsoever to any person other than the Group in respect of, or arising out of, the contents of this report. If others chose to rely in any way on the contents of this report they do so entirely on their own risk.

DEFINITION OF VALUE

The report was prepared in accordance with International Valuation Standards 2017. In estimating the market value of the equity appraised under this engagement, our efforts will be based on the following description of Market Value: "*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*" Unless otherwise noted, the market value of the 100% equity interest in the Target Group is determined on controlling basis and going concern basis.

SCOPE OF THE ENGAGEMENT

Our services included performing a valuation on the equity interest of the Target Group as of the Valuation Date.

In the process of the valuation under this engagement, we relied on business and financial information of the Target Group provided by the Management or obtained from public sources, if any. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with the Management concerning the history and future operations of the Target Group;

- Discussions with the Management to obtain an explanation and clarification of data provided;

- Development of valuation model to value the Target Group, including gathering market and industry information in support of various assumptions;

- Discussions with the Management to:
  - Understand in more detail of the Target Group;
  - Gain a more thorough understanding of the nature and operations of the Target Group including the estimated market trends;
- Analysis of conditions in, and the economic outlook for, the industry in the territory in which the Target Group operates; and
- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of the equity value of the Target Group.

In the course of our valuation, we used financial and other information provided by the Management. We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

This valuation report comprises:

A. This letter, which describes the nature and extent of the valuation investigation, and presents the conclusion of value; and

B. A narrative report, which sets forth the history and nature of the operations, a description of valuation theory, and a presentation and correlation of the valuation techniques employed, and the conclusion of value.

SOURCES OF INFORMATION

As part of our due diligence, we relied upon information and documents furnished to us by the Management, including the following:

- General descriptions and background of the Target Group;
- Business licenses and certificates of the Target Group;
- Group structure chart related to the Target Group;
- Draft sale and purchase agreement related to the Target Group;
- Audited financial statements of the Target Group for the years ended 31 March 2018 and 31 March 2019; and
- Unaudited management accounts of the Target Group for the 3-month period from 1 April 2019 to 30 June 2019 and prior year comparative figures.

Other information regarding the industry and economic outlook, as well as additional financial data was obtained from sources deemed to be reliable. In addition, we conversed with the Management concerning the financial and general outlook of the Target Group.

In the course of our valuation, we relied on the financial and other information provided by the Management, and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters, which an audit or more extensive examination might disclose.

We do not provide assurance on the long-term sustainability of the historical financial results recorded by the Target Group because events and circumstances frequently do not occur as expected; differences between historical and future results may be material; and achievement of the future results is dependent on actions, plans, and assumptions of management.

We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

CONCLUSION

Based on the information provided and the analysis conducted, and subject to the Major Assumptions and Statement of Limiting Conditions, our opinion of the market value of the 100% equity interest in the Target Group as of 30 June 2019 is reasonably represented in the amount of approximately **HONG KONG DOLLARS TWO HUNDRED AND TEN MILLIONS ONLY (HKD210,000,000)**.

We appreciate the opportunity to provide our valuation services. Please do not hesitate to contact us if you have any questions or if we can be of further assistance concerning this engagement. A copy of this report is retained in our files together with the data from which it was prepared.

Respectfully submitted,
B.I. Appraisals Limited

1. INTRODUCTION

Description of the Assignment

B.I. Appraisals Limited ("B.I. Appraisals") has concluded its analysis on the 100% equity interest in Business Operating Software Solution Limited (the "Target Company") and its subsidiaries (the "Target Group"). The purpose of this engagement is to estimate the market value of the 100% equity interest in the Target Group as of 30 June 2019 (the "Valuation Date").

Our work is designed solely to assist the management (the "Management") of EFT Solutions Holdings Limited (the "Company") and its subsidiaries (together as the "Group") to determine the market value of 100% equity interest in the Target Group as of the Valuation Date for transaction reference purpose.

The report was prepared in accordance with International Valuation Standards 2017. In estimating the market value of the equity appraised under this engagement, our efforts will be based on the following description of Market Value: "*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*" Unless otherwise noted, the market value of the 100% equity interest in the Target Group is determined on controlling basis and going concern basis.

The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with the Management concerning the history, development and prospect of the Target Group;
- Discussions with the Management to obtain an explanation and clarification of data provided;
- Analysis of conditions in, and the economic outlook for the territory which the Target Group operates and conducts its businesses;
- Analysis of general market data, including economic, governmental, and environmental forces, that may affect the value of the Target Group;
- Development of valuation models used to value the Target Group, including gathering market and industry information in support of various assumptions; and
- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of the market value of the 100% equity interest in the Target Group.

In the course of our valuation, we used financial and other information provided by the Management. We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

Sources of Information

As part of our due diligence, we relied upon information and documents furnished to us by the Management, including the following:

- General descriptions and background of the Target Group;
- Business licenses and certificates of the Target Group;
- Group structure chart related to the Target Group;
- Draft sale and purchase agreement related to the Target Group;
- Audited financial statements of the Target Group for the years ended 31 March 2018 and 31 March 2019; and
- Unaudited management accounts of the Target Group for the 3-month period from 1 April 2019 to 30 June 2019 and prior year comparative figures.

Other information regarding the industry and economic outlook, as well as additional financial data was obtained from sources deemed to be reliable. In addition, we conversed with the Management concerning the financial and general outlook of the Target Group.

In the course of our valuation, we relied on the financial and other information provided by the Management, and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters, which an audit or more extensive examination might disclose.

We do not provide assurance on the long-term sustainability of the historical financial results recorded by the Target Group because events and circumstances frequently do not occur as expected; differences between historical and future results may be material; and achievement of the future results is dependent on actions, plans, and assumptions of management.

We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

2. PURPOSE OF APPRAISAL

B.I. Appraisals acknowledges that this report is being prepared solely to assist the Management to determine the market value of the 100% equity interest in the Target Group as of the Valuation Date. We understand that this report would be made available for transaction reference purpose only. No other use of our valuation report is intended or should be inferred.

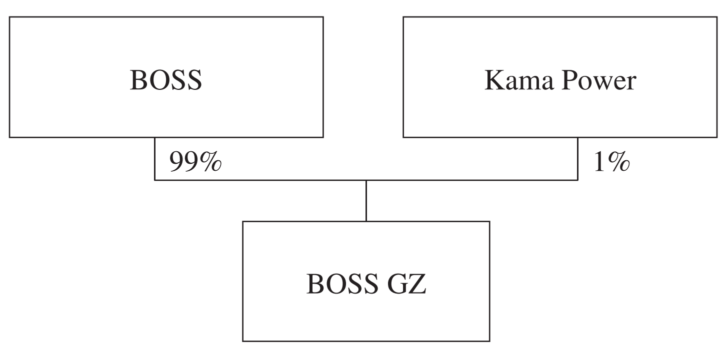
We assume no responsibility whatsoever to any person other than the Group in respect of, or arising out of, the contents of this report. If others chose to rely in any way on the contents of this report they do so entirely on their own risk.

3. OVERVIEW OF THE TARGET GROUP

Business Descriptions

Business Operating Software Solution Limited ("BOSS") is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of software solution in retail, distribution and accounting sectors including point of sales system, ordering and inventory system and accounting system, with the objective of providing commercial software applications and retail and distribution solutions which are suitable for global operation.

The Target Group comprises of BOSS and its 99%-owned subsidiary Guangzhou Boss Software Limited (BOSS GZ). BOSS GZ is incorporated in the People's Republic of China with limited liability. The remaining 1% equity interest of BOSS GZ is owned by Kama Power International Company Limited ("Kama Power").



Products

Products of the Target Group are enterprise software system and application, and key products include the SmartWin Point of Sales ("POS") System, SmartWin Mobile POS System, SmartWin Booking System and SmartWin VIP APP, providing front-end, back-end, customer relationship, membership and promotion management software solutions to retailers and distributors. Revenue comprises mainly of project income, installation and recurring service income from customers.

4. ECONOMIC OVERVIEW

Overview of the Hong Kong Economy

POLITICAL STABILITY: The political stability of Hong Kong may continue to be threatened following recent social unrest. Ms. Carrie Lam, the Chief Executive of Hong Kong since July 2017, faces multiple challenges. Of these, three stand out: addressing public discontent, managing relations with the opposition, and engaging with the central Chinese government. Successfully tackling all three of these issues at once seems increasing difficult since mid-2019.

INTERNATIONAL RELATIONS: Under the Basic Law (Hong Kong's mini-constitution), defense and foreign affairs are the preserve of the central Chinese government, but the territorial administration has authority over domestic matters and external issues relating to trade. US-Mainland trade relations remained bumpy. Mainland indicated would take countermeasures for the 10 per cent additional tariffs on US$300 billion worth of Mainland products announced in early August after the resume of the bilateral trade talk. This indicated that the trade conflicts had escalated further and uncertainty remained high.

ECONOMIC GROWTH: According to Hong Kong Government Information Centre and Legislative Council's press release https://www.legco.gov.hk/yr18-19/english/panels/fa/papers/facb1-1322-1-e.pdf, the real gross domestic products of Hong Kong is expected to grow by 0% to 1% from 2018 to 2019. Private consumption expenditure grew modestly as consumer sentiment stayed cautions in the economic outlook. Business sentiment fell across most sectors amid a softening economic environment, mirroring subdued consumer spending and the slowdown in inbound tourism. Meanwhile, overall hiring sentiment of large enterprises stayed positive and expected an increase in employment.

GENERAL RETAIL: According to the Report on Monthly Survey of Retail Sales published by the Census and Statistics Department https://www.statistics.gov.hk/pub/B10800032019MM08B0100.pdf, the retail sales in Hong Kong dropped 23 per cent in August compared with the same month last year, which is the steepest year-on-year decline for a single month on record, even worse than the decline in September 1998 during the Asian financial crisis. The plunge in August mainly reflected the weak consumer sentiment amid subdued economic conditions, severe disruption to inbound tourism and consumption-related activities caused by the local social incidents. As the anti-government protests showed no signs of abating, the Hong Kong Retail Management Association warned October's retail sales could reach a new low.

INFLATION: A weakening of China's renminbi against the Hong Kong dollar in 2018-19 will serve to reduce the price of imported goods, dampening inflationary pressure. Around half the territory's imports come from the mainland. Price pressure on major consumer price index components were largely moderate.

EXCHANGE RATES: The Hong Kong dollar will remain pegged to the US dollar throughout 2018-22. Downward pressure on the local currency will remain predominant in 2018-19, as it has for much of 2017, as local banks raise their own interest rates only gradually as Hong Kong and US policy rates move higher.

EXTERNAL SECTOR: The current-account surplus will fluctuate in the foreseeable future owing to volatility on the trade account, although the surplus is expected to be narrower on average in 2020-22, representing 4.3% of gross domestic products, compared to 2017-19 where the average is 6.2%. Merchandise export growth in 2018-22 as a whole will average a modest 4% annually, depressed by slower demand growth in mainland China and a trend towards rising trade protectionism in key markets such as the United States. Growth in goods imports will average 4.3% annually in 2018-22, held back by a reduction in demand for capital goods and construction materials in 2018 that will allow the merchandise trade deficit to shrink in 2018-19. The cost of imports from China will also be dampened by the local currency's appreciation against the renminbi during much of the five-year period.

5. INDUSTRY OVERVIEW

As a leading financial centre, logistics hub and retail destination, Hong Kong's Information and Communications Technology ("ICT") market has a key role in supporting the city's major industries. The role of telecommunications is especially vital to Hong Kong's competitiveness in the age of electronic commerce. In 2016, the industry of information and communications generated HK$84.1 billion (US$10.7 billion) of value added, contributing to 3.5% of GDP. The ICT sector of Hong Kong is among the most advanced in the world. According to the annual global ICT Development Index published by International Telecommunications Union ("ITU") in November 2017, Hong Kong ranked second in Asia after Korea, and sixth in the world.

Usage and Penetration of Information Technology ("IT")

Business transactions via the Internet (or e-commerce) are on the rise. In 2017, 33.6% of Hong Kong companies had their own websites, up from 26.4% in 2013. The proportion varied from 88% for large companies (those employing more than 100 persons) to 28% for small companies (those employing less than 10 persons). These websites were mainly for disseminating company information, integrating with social media and collecting customer feedbacks.

Usage and Penetration of Information Technology in the Business Sector

	2017
Computers Usage	
– Establishments using computer	79.6%
Internet Usage	
– Establishments using the Internet	87.7%
Website Usage	
– Establishments having webpages/websites	33.6%
Electronic Business	
– Establishments with delivery of goods, services or information online	87.0%
E-commerce Sales and Purchases	
– Proportion of establishments receiving orders online	7.5%
– Proportion of establishments placing orders online	21.2%

Source: Report on the Survey on Information Technology Usage and Penetration in the Business Sector for 2017, Census and Statistics Department, https://www.statistics.gov.hk/pub/B11100052017BE17B0100.pdf

Government Initiatives

To foster the ICT industry development, the Hong Kong government has put in place many initiatives, including funding support, provision of infrastructure, international cooperation and manpower development. In its latest budget, the Hong Kong government has promised HK$50 billion for supporting innovation and technology developments.

According to Dr. Tan Tieniu, deputy director of the central government's liaison office, Hong Kong enjoys an exceptional advantage with the Greater Bay Area at its back. It is believed that Hong Kong's strength in scientific research led by its world-class universities could tap into the vast market across the border through technology transference in Shenzhen and production lines in the bay area.

Financially, the Hong Kong government's Innovation and Technology Fund ("ITF") has provided an alternative source of funding for the IT industry. As of end-March 2018, the ITF had approved 7,359 funding applications on projects with a total of HK$14 billion. Apart from that, President Xi Jinping directed state agencies to give Hong Kong scientists greater access to national funding and support the city's ambition to become a global innovation hub. With the strong policy support from Beijing, it is expected that Hong Kong will make bigger breakthrough.

6. DEFINITION OF VALUE

The report was prepared in accordance with International Valuation Standards 2017. In estimating the market value of the equity interest appraised under this engagement, our efforts will be based on the following description of Market Value: "*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*" Unless otherwise noted, the market value of 100% equity interest in the Target Group is determined on controlling basis and going concern basis.

7. GENERAL VALUATION OVERVIEW

The methods commonly used to develop approximate indications of value for a business or assets are the Income, Market, and the Cost Approaches.

Income Approach

The Income Approach focuses on the income-producing capability of a business or asset. The Income Approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.

Market Approach

The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. Adjustments are made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

It is employed in the valuation of the asset for which there is a known used market. Under the premise of continued use assuming adequate earnings, consideration is given to the cost to acquire similar items in the second-hand market; an allowance then is made to reflect the costs for freight and installation.

Cost Approach

The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The Cost Approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Selected Approach

In developing our opinions, we considered all three approaches to value for the asset types and chose the most appropriate approach or approaches for each. Our conclusions rely on the approaches judged to be most appropriate for the purpose and scope of our analysis, as well as the nature and reliability of the data available to us.

In estimating the market value of the equity interest in the Target Group, we relied primarily on the Market Approach. The Cost Approach was not adopted as it tends to understate the value of an income-generating business. The Income Approach is also not adopted since prospective financial projection at market participants' point of view, which is subject to a number of assumptions and contingent factors, was not reliably available.

Under the Market Approach, we relied on the trading multiples of publicly traded guideline companies of the Target Group. Market Approach benchmarked the Target Group's equity value to the publicly trading entities by looking into their financial performances. Not only could Market Approach reflect the current market's investment preferences or investment habitat, but also provide up-to-date public market information allowing the Management to make a more informative decision.

8. ESTIMATION OF THE MARKET VALUE OF THE TARGET GROUP

Introduction

In this section of our report, we describe our valuation analysis utilized to arrive at a concluded market value of the 100% equity interest in the Target Group.

Valuation Approach

The Market Approach uses direct comparisons to other enterprises and their equity securities to estimate the market value of the common shares of privately issued securities. The Market Approach bases the market value measurement on what other similar enterprises or comparable transactions indicate the value to be. Under this approach, investment by unrelated parties in comparable equity securities of the subject enterprise or transactions in comparable equity securities of comparable enterprises is examined. One commonly used "market comparables" method is the Guideline Public Company.

To adopt the guideline public company method under the Market Approach, we have to determine the appropriate valuation multiples of comparable companies, in which we have considered enterprise-value-to-sales ("EV/Sales"), price-to-sales ("P/S"), enterprise-value-to-earnings-before-interest-and-tax ("EV/EBIT"), enterprise-value-to-earnings-before-interest-tax-depreciation-and-amortization ("EV/EBITDA"), price-to-earnings ("P/E") and price-to-book ("P/B") multiples.

EV/Sales and P/S multiples were not adopted since these multiples could not take into account of the differences in cost structure between the Target Group and the comparable companies. P/B multiple was not adopted because this method could not consider the profitability or the earning potential of the Target Group. EV/EBITDA and EV/EBIT multiples were preferred over P/E multiple since they could capture the differences in net cash/(debt) between the Target Group and comparable companies. EV/EBITDA multiple was also preferred over EV/EBIT multiple since it could adjust for the differences in depreciation and amortization between the Target Group and comparable companies. Therefore, we have employed EV/EBITDA multiple in the valuation for the Target Group as of the Valuation Date.

The selection of guideline companies is by understanding the principal business of the valuation target and search for public company with business as similar to the valuation target as possible. Generally speaking, company in same geographical location is preferred, followed by expansion to other geographical locations if same geographic location yield no meaningful results.

We searched for comparable companies from Bloomberg on best-effort basis by understanding the principal business of the Target Group and shortlisted public company with attributes (e.g. business scopes and operations) as similar to the Target Group as possible. Details of the selection criteria are described as follows:

- Significant portion (>=70%) of the latest financial year's product segment revenue of the company is related to enterprise software;
- Companies listed in Hong Kong and have pertinent listing and operating histories; and
- The financial information and relevant multiple of the companies are available to the public.

The following table presents the comparable companies adopted in the valuation of 100% equity interest in the Target Group:

Comparable Companies	Business description
Sinosoft Technology Group Ltd (1297 HK Equity)	Sinosoft Technology Group Limited is a provider of application software products and solutions. Sinosoft Technology principally develops and markets export tax software and related services, carbon management solutions, e-Government solutions.
Chanjet Information Technology Co Ltd (1588 HK Equity)	Chanjet Information Technology Company Limited is a provider of enterprise software and services designed for micro and small scale enterprises in The People's Republic of China.
Sino-I Technology Ltd (250 HK Equity)	Sino-i Technology Limited, through its subsidiaries, operates information technology business and provides financial information and related services. Sino-i Technology also develops and invests in properties, sells consumer packaged electronics products, and trades securities. In addition, Sino-i Technology operates hotels and distance learning and application services.
Anacle Systems Ltd (8353 HK Equity)	Anacle Systems Limited designs and develops enterprise software. Anacle Systems offers asset and energy management solutions. Anacle Systems serves petrochemical, real estate, pharmaceutical, and power generation industries in Asia.

Comparable Companies	**Business description**
Finsoft Financial Investment Holdings Ltd (8018 HK Equity)	Finsoft Financial Investment Holdings Limited is engaged in the development, sale, and lease of financial trading software solutions with the principal products being trading and settlement systems of financial products for financial institutions.
Kingdee International Software Group Co Ltd (268 HK Equity)	Kingdee International Software Group Company Limited, through its subsidiaries, develops and sells enterprise management software, e-commerce application software and middleware software. Kingdee International also provides internet-based services and setting up e-commerce platforms for enterprises. In addition, Kingdee International provides solution consulting and technical support services.

Source: Bloomberg

We considered the average of the EV/EBITDA multiples of the comparable companies as of the Valuation Date as extracted from Bloomberg to arrive at the market value of the Target Group.

Comparable Companies	**Stock Code**	**Market Capitalization** *(HKD million)*	**EV/EBITDA Multiple** *(Note 3)*
Sinosoft Technology Group Ltd	1297 HK Equity	2,763	5.4x
Chanjet Information Technology Co Ltd	1588 HK Equity	1,737	2.8x
Sino-I Technology Ltd	250 HK Equity	1,434	N/A *(Note 1)*
Anacle Systems Ltd	8353 HK Equity	220	22.1x
Finsoft Financial Investment Holdings Ltd	8018 HK Equity	73	N/A *(Note 2)*
Kingdee International Software Group Co Ltd	268 HK Equity	27,956	27.4x
		Average:	**14.4x**

Source: Bloomberg

Note 1: Latest 12-month EBITDA of Sino-I Technology Ltd was negative as of the Valuation Date.

Note 2: Enterprise value of Finsoft Financial Investment Holdings Ltd was negative as of the Valuation Date.

Note 3: EV/EBITDA multiple of the comparable companies are estimated with their respective enterprise value and latest trailing 12-month EBITDA as of the Valuation Date. Such latest trailing 12-month period is depending on the financial year end dates and availability of public disclosures (e.g. annual reports, interim reports and quarterly reports) of the comparable companies as extracted from Bloomberg as of the Valuation Date.

The Target Group is principally engaged in the provision of software solution in retail, distribution and accounting sectors, including point-of-sales system, ordering and inventory system and accounting system, with the objective of providing commercial software applications and retail and distribution solutions which are suitable for global operation.

The core business segments of Sinosoft Technology Group Ltd (1297 HK Equity) includes tax software and related services, government big data software and related services, and low carbon & ecology software and related services. These commercial software products and services for public sectors and enterprises are comparable that of the Target Group.

Chanjet Information Technology Co Ltd (1588 HK Equity) is principally engaged in development of software and aim to build itself into a top-notch brand of finance and taxation services for medium and small enterprise. According to 2018 annual report of Chanjet Information Technology Co Ltd, the accumulated enterprise users of software of exceeded 1.47 million as at 31 December 2018. We are of the view that the software and related services provided for enterprise users are comparable that of the Target Group.

According to 2019 annual report of Anacle Systems Ltd (8353 HK Equity), more than 80% of the revenue is related to a package of enterprise application software solutions which provides specific solutions for enterprise asset management, shared resources management, tenancy management, financial management, supply chain management, customer relationship management and billing management. We consider the enterprise application software solutions offered by Anacle Systems Ltd are comparable to the Target Group.

Based on 2018 annual report of Kingdee International Software Group Co Ltd (268 HK Equity), about 70% of the revenue is related to enterprise resource planning (ERP) business, which is generated from sales of software and hardware products, rendering of software implementation services and rendering of software solution consulting, maintenance, upgrade and other supporting services. These ERP software and related services targeting enterprises are comparable that of the Target Group.

In terms of development stage, majority of the enterprise software and related services of the comparable companies have been commercialized in the market and generating incomes. We consider the development stage of the comparable companies are similar to that of the Target Group.

In terms of company size, we have considered the market capitalization of the comparable companies adopted. We are not aware of any observable relationship in direct or inverse order between the market capitalization and EV/EBITDA multiples of the comparable companies. Hence, no adjustments could be considered necessary.

To the best of our knowledge and on best-effort basis, the shortlisted comparable companies are exhaustive based on the selection criteria as aforementioned.

Despite the disperse distribution, the average (14.4x) and median (13.7x) of the EV/EBITDA multiples are close together. Furthermore, it is a common and widely accepted practice for valuers to adopt average or median multiple for valuations.

For transaction reference purpose, we have conducted a sensitivity analysis on the adopted EV/EBITDA multiple. We considered an EV/EBITDA multiple range of 11.5x to 17.3x normal and reasonable based on a 20% variation of the adopted EV/EBITDA multiple. The value range of HKD118,300,000 to HKD175,700,000 is arrived for the 70% market value of the Target Group. The high end of the normal range of result is lower than the consideration of the disposal of 70% equity interest of the Target Group (i.e. HKD210,000,000). A wider value range of HKD90,300,000 to HKD204,200,000 is also provided for information reference based on a 40% variation of EV/EBITDA. For details, please refer to later section titled "Sensitivity Analysis" with wider range of result for reference.

In addition, we have cross-checked the average EV/EBITDA multiple adopted with another research study. Based on S&P 500 – EV/EBITDA Multiple by GICS Sector as sourced from Siblis Research, an enterprise-level data provider focusing on global equity valuation data, http://siblisresearch.com/data/ev-ebitda-multiple/, the EV/EBITDA multiple of information technology sector as of 30 June 2019 was 14.52x, which is close to the average EV/EBITDA multiple adopted.

In view of the above, we consider taking average is a fair and reasonable estimate of the EV/EBITDA multiple for this valuation.

We multiplied the average EV/EBITDA multiple to the trailing 12-month normalized earnings-before-interest- tax-depreciation-and-amortization ("EBITDA") of the Target Group to arrive at the enterprise value of the Target Group. The trailing 12-month normalized EBITDA is estimated based on the audited financial statements of the Target Group for the year ended 31 March 2019 and unaudited management accounts of the Target Group for 3-month period from 1 April 2019 to 30 June 2019 and the prior comparative figures, excluding any non-recurring gain/loss. As discussed with the Management on the recent financial performance of the Target Group and market conditions of the industry, the Management held a pessimistic view on the future prospects and development of the Target Group. Therefore, it is fair and reasonable to estimate the normalized EBITDA by considering the trailing 12-month period from 1 July 2018 to 30 June 2019, which has reflected the recent deteriorated financial performance as of the Valuation Date.

Normalization on EBITDA was considered to eliminate any material non-recurring gain or loss, in which we have excluded gain on disposal of PPE and deregistration of subsidiary of the Target Group in the normalization process in this valuation. We have reviewed the latest published financial information of the comparable companies as of the Valuation Date, no material non-recurring gain or loss was observed and therefore no normalization adjustment was made on the EV/EBITDA multiples of the comparable companies. We then adjusted the derived enterprise value of the Target Group with control premium ("Control Premium") and discount for lack of marketability ("DLOM") to account for the fact that the Target Group is a private company as of the Valuation Date and the valuation is conducted on controlling basis respectively. Furthermore, we adjusted the derived enterprise value of the Target Group with net cash/(debt), non-operating assets/ (liabilities) and non-controlling interest (if any) to arrive at the market value of equity of the Target Group.

Control Premium

A control premium is the premium an investor is willing to pay in addition to a marketable minority equity value to obtain controlling interest in a business subject. The value derived from the comparable companies represents minority interests, therefore adjustment has been made to reflect the degree of control associated with a 100% equity interest in the Target Group.

Based on Mergerstat Control Premium Study published by FactSet Mergerstat, LLC, as sourced from Business Valuation Resources https://www.bvresources.com/docs/default-source/sample-reports/control-premium-study-quarterly-report.pdf, a control premium of 28.8% has been adopted.

FactSet Mergerstat, LLC is an independent provider for merger and acquisition transaction data, which examined transactions whereby 50.01% or more of a company was acquired, including privately held, publicly traded and cross-border transactions. Such control premium study is a widely accepted reference for control premium applied on business valuation. Hence, we consider it is fair and reasonable to adopt this reference for this valuation.

Discount for Lack of Marketability

The value of privately held shares is not directly comparable to the value of publicly traded securities. This is due to the fact that shareholders of privately held companies do not have the same access to trading markets that shareholders of publicly traded companies enjoy. Therefore, the market value of the ordinary shares must be adjusted to reflect its lack of liquidity and ready market.

A number of research studies including restricted stock studies have attempted to quantify marketability discounts. Restricted stock studies are performed by comparing the prices at which a restricted stock trades vis-à-vis its publicly traded counterpart. A restricted stock is one that is identical to its company's publicly traded issue but carries a short-term restriction on marketability. In the case of transfers of restricted stock, these studies provide strong evidence for the application of a discount placed on illiquid investments.

Based on Stout Restricted Stock Study Companion Guide 2019 published by Stout Risius Ross, LLC, as sourced from Business Valuation Resources https://www.bvresources.com/docs/default-source/free-downloads/restricted-stock-study-stout-companion-guide.pdf, a marketability discount of 20.6% has been adopted.

Stout Risius Ross, LLC is one of the national preeminent firms offering a broad range of financial advisory services to private and public companies. According to the companion guide, a total of 751 private placement transactions of unregistered common stock, with and without registration rights, issued by publicly traded companies from July 1980 through June 2018 were examined. Moreover, there is no available empirical study on marketability discount for companies specifically engaged in software related businesses. In view of the above, we consider this reference is fair and reasonable to be adopted for this valuation.

Non-Controlling Interest

The non-controlling interest of the Target Group is related to the 1% equity interest in BOSS GZ held by Kama Power. It is estimated by 0.99% of the enterprise value of the Target Group and 0.04% of net cash/(debt) and non-operating assets/(liabilities) of the Target Group.

The percentages of non-controlling interest of 0.99% and 0.04% were based on the income statement of the Target Group for the year ended 31 March 2019 and for 3-month period from 1 April 2019 to 30 June 2019, and balance sheet of the Target Group as of 30 June 2019, respectively.

Summary of Calculation

Details of the calculation of the market value of the Target Group were illustrated as follows:

As of 30 June 2019	*HKD*
Trailing 12-month Normalized EBITDA	13,203,074
Multiply: Average EV/EBITDA Multiple	14.4x
Enterprise Value (marketable and minority basis)	190,586,782
Add: Control Premium	54,888,993
Less: Discount for Lack of Marketability	(39,260,877)
Enterprise Value (non-marketable and controlling basis)	206,214,899
Add/Less: Net Cash/(Debt)	6,098,159
Add/Less: Non-operating Assets/(Liabilities)	48,486
Less: Non-controlling Interest	(2,040,135)
Market Value of 100% Equity Interest in the Target Group	210,321,409
Market Value of 100% Equity Interest in the Target Group (Rounded)	210,000,000

Note: The total may not sum up due to rounding.

Sensitivity Analysis

For this transaction reference purpose, we have conducted a sensitivity analysis on the effect of change in EV/EBITDA multiple on the market value of the Target Group as follows:

% Change in EV/EBITDA Multiple	EV/EBITDA Multiple	100% Market Value of the Target Group *(HKD)*	70% Market Value of the Target Group *(HKD)*
–40%	8.7x	129,000,000	90,300,000
–30%	10.1x	149,000,000	104,300,000
–20%	11.5x	169,000,000	118,300,000
–10%	13.0x	190,000,000	133,000,000
0%	**14.4x**	**210,000,000**	**147,000,000**
10%	15.9x	231,000,000	161,700,000
20%	17.3x	251,000,000	175,700,000
30%	18.8x	272,000,000	190,400,000
40%	20.2x	292,000,000	204,400,000

The sensitivity analysis shows that if the status quo EV/EBITDA multiple 14.4x increases significantly by 40% to 20.2x, the market value of 70% equity interest of the Target Group is still lower than the consideration of the disposal of 70% equity interest of the Target Group (i.e. HKD210,000,000).

9. MAJOR ASSUMPTIONS

In this appraisal, a number of assumptions have to be made in order to sufficiently support our concluded value of the Target Group. Any deviation from the above major assumptions may significantly vary the valuation result. The major assumptions adopted in this appraisal are:

- The unaudited management accounts of the Target Group for the 3-month period from 1 April 2019 to 30 June 2019 as provided by the Management can reasonably represent its financial position and performance of the Target Group as of Valuation Date since an audited financial account as of Valuation Date was not available;

- There will be no major changes in the current taxation laws in the territories (the "Territories") in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major changes in the political, legal, economic or financial conditions in the Territories in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and the profitability of the Target Group;

- The Target Group will retain and have competent management, key personnel, and technical staff to support its ongoing operation;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate has or would be officially obtained and renewable upon expiry;

- Industry trends and the market conditions for related industries will not deviate significantly from economic forecasts; and

- All information and representations provided by the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respect.

10. CONCLUSION OF VALUE

Based on the information provided and the analysis conducted, and subject to the Major Assumptions and Statement of Limiting Conditions, our opinion of the market value of the 100% equity interest in the Target Group as of 30 June 2019 is reasonably represented in the amount of approximately **HONG KONG DOLLARS TWO HUNDRED AND TEN MILLIONS ONLY (HKD210,000,000)**.

This report and the observations and analyses are intended solely for use by the Group for the purpose of assisting the Management to assess the market value of the 100% equity interest in the Target Group as of the Valuation Date and are not to be reproduced, disseminated or disclosed, in whole or in part, to any other party without our written consent. The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to the Group.

Yours faithfully,
For and on behalf of
B.I. APPRAISALS LIMITED

William C. K. Sham
Registered Professional Surveyor (G.P.)
Registered Business Valuer
China Real Estate Appraisers
MRICS, MHKIS, RPS (G.P.), MCIREA
Executive Director

Mr. William C. K. Sham is a Registered Professional Surveyor (G.P.) and a Registered Business Valuer. He was appointed as founder member of the Hong Kong Institute of Financial Valuers in November 2015. He has been conducting asset valuations and consultancy works in the Greater China and the Asia Pacific regions for various purposes for more than 35 years. Besides, he has undertaken various valuation assignments on business enterprises and intangible assets since 1998 and has extensive experience in the valuation of patent and proprietary technology; infrastructure project including power plants, toll roads, port facilities; and business enterprises in various industries such as information technology, health products, pharmaceutical and biotechnology, media, energy, etc.

11. STATEMENT OF LIMITING CONDITIONS

This analysis is subject to the following limiting conditions:

1. This appraisal report cannot be included or referred to in any prospectus, offering memo, loan agreement, registration statement, regulatory authority filings, legal and court proceedings or other public documents.

2. This report has been made only for the purpose stated and shall not be used for any other purpose. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. Neither B.I. Appraisals Limited ("B.I. Appraisals") nor the appraiser is responsible for unauthorized use of this report. Neither this report nor any portions thereof (including, without limitations, any conclusions, the identity of B.I. Appraisals or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties other than the Group, its financial accounting firm and attorneys, regulatory authorities, by any means without the prior written consent and approval of B.I. Appraisals. We assume no responsibilities or liabilities for any losses incurred as a result of unauthorized circulation, publication or reproduction of this report in any form and/or if used contrary to the purpose stated therein.

3. Information furnished by others or taken from Company reports and records, standard reference manuals, publications and other sources, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information. We do not accept any responsibilities for any errors or omissions in the information or any consequence liabilities arising from commercial decision or actions resulting from them.

4. B.I. Appraisals assumes no responsibility for legal matters including interpretations of either the law or contracts. No investigation has been made of, and no responsibility is assumed for, the legal description, or for legal matters regarding the valuation subject.

5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.

6. The date of value to which the estimate, conclusions and opinion expressed in this report applies is set forth in the beginning of this report. This appraisal is valid only for the valuation date indicated. Our value opinion is based on the purchasing power of the reporting currency as of this date. The opinion of value is estimated based on the financial conditions prevailing as of the date of this appraisal.

7. For events that occur subsequent to the appraisal date hereof, no responsibility is taken and no obligation is assumed to revise this report to reflect the impact, if any, of these events or changing conditions as they may have upon the subject although we reserve the right to do so. Neither B.I. Appraisals nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.

8. It is assumed that all required licenses, certificates, or other legislative or administrative authority from any local, or national government or private entity or organization have been, or can readily be obtained, or renewed for any use on which the value estimates provided in this report are based.

9. We have made no investigation of and assumed no responsibility for the ownership or any liabilities against the valuation subject. Responsible ownership and competent management are assumed.

10. Any allocation in this report of the total valuation among components of the valuation subject and the weighting of the reported values among the various appraisal approaches applies only to the program of utilization stated in this report. The separate values for any components or approaches may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

11. This appraisal report might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the appraiser's estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

12. Our valuation is only any an indicative quantum at which interests in the valuation subject might be reasonably be expected to be sold or disposed at the Valuation Date and may be different from the actual transacted price.

13. To the best of our knowledge and belief, the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are impartial, and unbiased professional analyses, opinions, and conclusions.

14. Neither B.I. Appraisals nor any individual signing or associated with this report has any present or prospective interest in the valuation subject of this report and with respect to the parties involved. B.I. Appraisals or any individual signing or associated with this report has no bias with respect to the valuation subject of this report or to the parties involved with this assignment. The engagement in this assignment was not contingent upon developing or reporting predetermined results. The compensation of B.I. Appraisals or any individual signing or associated with this report for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares:

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

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 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 the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, 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 maintained by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any options in respect of such capital were as follows:

Long positions in the Shares:

Name of Shareholders	Capacity/Nature of interest	Number of Shares	Approximate percentage of issued Shares
LCK *(Note 1)*	Beneficial owner	345,600,000	72%

Note: 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, the Group has not been notified of any other relevant interests or short positions in the issued share capital of any member of the Group as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at Latest Practicable Date, none of the Directors has or is proposed to have a service contract with the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. INTEREST OF COMPETING BUSINESS

As at the Latest Practicable Date, none of our Directors, our controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the date of this circular, none of the Directors is materially interested in any contract or arrangement entered into by the Group, which is subsisting and is significant in relation to the business of the Group taken as a whole.

None of the Directors has any direct or indirect interest in any assets which have been since 31 March 2019 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. QUALIFICATIONS OF EXPERTS

The followings are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
Donvex Capital	a corporation licenced to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Elite Partners CPA Limited	Certified Public Accountants
B.I. Appraisals Limited	Independent Professional Valuer

Each of the above experts has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have not any direct or indirect interest in any assets which have been since 31 March 2019 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Group within two years preceding the date of this circular and up to the Latest Practicable Date and are or may be material: -

(a) the sale and purchase agreement dated 19 January 2018 entered into between the Purchaser (as vendor) and the Vendor (as purchaser) in relation to the Previous Acquisition;

(b) the supplemental agreement dated 29 March 2018 entered into between the Purchaser (as vendor) and the Vendor (as purchaser) in relation to the Previous Acquisition; and

(c) the Sale and Purchase Agreement.

10. GENERAL

(a) The company secretary of the Company is Mr. Li Man Ho. Mr. Li Man Ho is a member of The Hong Kong Institute of Certified Public Accountants.

(b) The compliance officer of the Company is Mr. Lo Chun Wa.

(c) The registered office of the Company is at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

(d) The head office and principal place of business of the Company in Hong Kong is at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong.

(e) The share registrar and transfer office of the Company is Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

(f) The Company's audit committee (the "**Audit Committee**") comprises three independent non-executive Directors, namely Dr. Wu Wing Kuen, *B.B.S.*, Mr. Tso Ping Cheong Brian and Mr. Wong Ping Yiu. Mr. Tso Ping Cheong Brian is the chairman of the Audit Committee. The main role and functions of the Audit Committee include, but not limited to, monitoring the integrity of the Company's financial statements, reviewing the Company's financial controls, internal control and risk management systems, reviewing the Group's financial and accounting policies and practices. A summary of the biography of the members of the Audit Committee are set out below:

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

(ii) Mr. Tso Ping Cheong Brian ("**Mr. Tso**") obtained his bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 2003. He obtained his master degree in corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Tso is currently a practicing and fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Tso has over 15 years of experience in accounting and financial management. From September 2003 to November 2008, he worked in Ernst & Young with last position as manager. From December 2008 to May 2010, he was the financial controller of Greenheart Group Limited (formerly known as Omnicorp Limited) (stock code: 94). From May 2010 to August 2012, he was the senior vice president of Maxdo Project Management Company Limited. From January 2013 to present, he has been the sole proprietor of Teton CPA Company, an accounting firm. Mr. Tso served as an independent non-executive director of Asia-Pac Financial Investment Company Limited (formerly known as GreaterChina Professional Services Limited) (stock code: 8193) from July 2014 to January 2018 and Larry Jewelry International Company Limited (stock code: 8351) from October 2014 to August 2019. He is currently an independent non-executive director of Guru Online (Holdings) Limited (stock code: 8121) since May 2014, Newtree Group Holdings Limited (stock code: 1323) since February 2015 and Shenglong Splendecor International Limited (stock code: 8481) since June 2018.

(iii) Mr. Wong Ping Yiu ("**Mr. Wong**"), served as an executive director of Shunten International (Holdings) Limited (formerly known as RM Group Holdings Limited) (stock code: 932) from June 2016 to May 2018 and remains as Vice President since May 2018. Mr. Wong has extensive experience in strategic marketing and property leasing.

(g) The English text of this circular shall prevail over its Chinese translation for the purpose of interpretation.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Group in Hong Kong at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong during normal business hours on any Business Day from the date of this circular up to the date of the EGM:

(a) the memorandum of association and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 March 2018 and 2019, the quarterly report of the Company for the three months ended 30 June 2019 and the interim report of the Company for the six months ended 30 September 2019;

(c) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 19 to 20 of this circular;

(d) the letter from the Independent Financial Adviser, the text of which is set out on pages 21 to 40 of this circular;

(e) the report on unaudited financial information of the Disposal Group prepared by Elite Partners CPA Limited as set out in Appendix II to this circular;

(f) the report on unaudited pro forma financial information of the Remaining Group prepared by Elite Partners CPA Limited as set out in Appendix III to this circular;

(g) the valuation report in respect of the Disposal Group prepared by B.I. Appraisals Limited as set out in Appendix IV to this circular;

(h) the material contracts referred to in the section headed "9. Material Contracts" in this appendix;

(i) the written consents of the experts as referred to in the section headed "8. Qualifications of Experts" in this appendix; and

(j) this circular.

Details of the independent non-executive Directors proposed to be re-elected at the EGM are set out as follows:

Mr. Tso

Mr. Tso, aged 39, obtained his bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 2003. He obtained his master degree in corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Tso is currently a practicing and fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Tso has over 15 years of experience in accounting and financial management. From September 2003 to November 2008, he worked in Ernst & Young with last position as manager. From December 2008 to May 2010, he was the financial controller of Greenheart Group Limited (formerly known as Omnicorp Limited) (stock code: 94). From May 2010 to August 2012, he was the senior vice president of Maxdo Project Management Company Limited. From January 2013 to present, he has been the sole proprietor of Teton CPA Company, an accounting firm. Mr. Tso served as an independent nonexecutive director of Asia-Pac Financial Investment Company Limited (formerly known as GreaterChina Professional Services Limited) (stock code: 8193) from July 2014 to January 2018 and Larry Jewelry International Company Limited (stock code: 8351) from October 2014 to August 2019. He is currently an independent non-executive director of Guru Online (Holdings) Limited (stock code: 8121) since May 2014, Newtree Group Holdings Limited (stock code: 1323) since February 2015 and Shenglong Splendecor International Limited (stock code: 8481) since June 2018.

As at the Latest Practicable Date, Mr. Tso does not have, and is not deemed to have any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Tso is not connected with any other Directors, senior management, substantial shareholders or controlling shareholders (each as defined in the GEM Listing Rules of the Stock Exchange) of the Company.

The Company has entered into a service agreement with Mr. Tso for his appointment for a term of three years commencing from 11 September 2019 which may be renewed under mutual consent upon expiring. Mr. Tso is entitled to receive a Director's remuneration at a monthly rate of HK$12,000 on a 12-months basis as recommended by the remuneration committee of the Company and determined by the Board with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions, subject to review by the Board and the remuneration committee from time to time.

Mr. Tso is also subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the articles of association of the Company.

Save as disclosed herein, the Board is not aware of any other information in relation to Mr. Tso that is required to be disclosed to the Company nor any other information which is required to be disclosed pursuant to rules 17.50(2)(h) to (v) of the GEM Listing Rules or any other matter that needs to be brought to the attention of the shareholders of the Company in relation to the appointment of Mr. Tso.

Mr. Wong

Mr. Wong, aged 56, served as an executive director of Shunten International (Holdings) Limited (formerly known as RM Group Holdings Limited) (stock code: 932) from June 2016 to May 2018 and remains as Vice President since May 2018. Mr. Wong has extensive experience in strategic marketing and property leasing.

As at the Latest Practicable Date, Mr. Wong does not have, and is not deemed to have any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Wong is not connected with any other Directors, senior management, substantial shareholders or controlling shareholders (each as defined in the GEM Listing Rules of the Stock Exchange) of the Company.

The Company has entered into a service agreement with Mr. Wong for his appointment for a term of three years commencing from 28 October 2019 which may be renewed under mutual consent upon expiring. Mr. Wong is entitled to receive a Director's remuneration at a monthly rate of HK$12,000 on a 12-months basis as recommended by the remuneration committee of the Company and determined by the Board with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions, subject to review by the Board and the remuneration committee from time to time.

Mr. Wong is also subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the articles of association of the Company.

Save as disclosed herein, the Board is not aware of any other information in relation to Mr. Wong that is required to be disclosed to the Company nor any other information which is required to be disclosed pursuant to rules 17.50(2)(h) to (v) of the GEM Listing Rules or any other matter that needs to be brought to the attention of the shareholders of the Company in relation to the appointment of Mr. Wong.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of EFT Solutions Holdings Limited (the "**Company**") will be held at JAN Financial Press Limited, 22/F., Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong on Friday, 13 December 2019 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   a) the sale and purchase agreement dated 11 October 2019 ("**Sale and Purchase Agreement**") entered into between Earn World Enterprises Limited as purchaser (the "**Purchaser**") and Rich Giant Group Limited, a wholly owned subsidiary of the Company, as vendor (the "**Vendor**") in relation to the sale and purchase of 7,000 shares (the "**Sale Shares**") of Earn World Development Limited (the "**Disposal Company**"), representing 70% of the entire issued share capital of the Disposal Company as at the date of the Sale and Purchase Agreement, for a total consideration of HK$210,000,000 (copies of the Sale and Purchase Agreement are marked "A" and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

   b) the deed of waiver to be entered into whereby, among others, EFT Solutions Limited (a wholly owned subsidiary of the Company) irrevocably and unconditionally agrees to waive the payment obligation of the indebtedness amount owed by Business Operating Software Solution Limited, a company wholly owned by the Disposal Company (the "**Deed of Waiver of Indebtedness**") (copies of the Deed of Waiver of Indebtedness are marked "B" and produced to the EGM and signed by the chairman of the EGM for identification purpose) be and is hereby ratified, confirmed and approved;

c) the deed of waiver to be entered into whereby, among others, the Purchaser irrevocably and unconditionally agrees to waive the Outstanding Cash Consideration (as defined in the Sale and Purchase Agreement) (the "**Deed of Waiver of Outstanding Cash Consideration**") (copies of the Deed of Waiver of Outstanding Cash Consideration are marked "C" and produced to the EGM and signed by the chairman of the EGM for identification purpose) be and is hereby ratified, confirmed and approved;

d) the deed of waiver to be entered into whereby, among others, the Purchaser irrevocably and unconditionally agrees to cancel and return the Promissory Notes (as defined in the Sale and Purchase Agreement) in the aggregate principal amount of HK$194,000,000 to the Company and waive the payment obligation in respect thereof, including the principal amount and the interest accrued thereon (the "**Deed of Waiver of Promissory Notes**") (copies of the Deed of Waiver of Promissory Notes are marked "D" and produced to the EGM and signed by the chairman of the EGM for identification purpose) be and is hereby ratified, confirmed and approved; and

e) any one director of the Company (the "**Director**") or, if the affixation of the common seal of the Company is necessary, any one Director and the company secretary of the Company or any two Directors or such other person or persons (including a Director and/or the company secretary) as the board of Directors may appoint be and is/are hereby authorised for and on behalf of the Company to approve and execute all such documents, instruments and agreements and to do all such acts or things incidental to, ancillary to or in connection with the matters contemplated under the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the execution of the Deed of Waiver of Indebtedness, the Deed of Waiver of Outstanding Cash Consideration, and the Deed of Waiver of Promissory Notes, as he/she/they may consider necessary, desirable or expedient."

2. a. To re-elect Mr. Tso Ping Cheong Brian as an independent non-executive Director.

   b. To authorise the board of Directors (the "**Board**") to fix the remuneration of the Directors.

3. a. To re-elect Mr. Wong Ping Yiu as an independent non-executive Director.

   b. To authorise the Board to fix the remuneration of the Directors.

By order of the Board
EFT Solutions Holdings Limited
Lo Chun Kit Andrew
Chairman and Chief Executive Officer

Hong Kong, 26 November 2019

Notes:

1. Any voting at the above meeting shall be taken by poll.

2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.

4. The transfer books and register of members will be closed from Tuesday, 10 December 2019 to Friday, 13 December 2019, both days inclusive to determine the entitlement of the shareholders to attend the above meeting, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30p.m. on Monday, 9 December 2019.

5. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his/her stead. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

6. As at the date of this notice, the Board comprises executive Directors Mr. Lo Chun Kit Andrew and Mr. Lo Chun Wa; non-executive Directors Ms. Lam Ching Man and Mr. Lui Hin Weng Samuel; and independent non-executive Directors Dr. Wu Wing Kuen, *B.B.S.*, Mr. Tso Ping Cheong Brian and Mr. Wong Ping Yiu.