

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

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)

2020 INTERIM RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of EFT Solutions Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2020. This announcement, containing the full text of the 2020 interim report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of interim results.

Yours faithfully

By order of the Board

EFT Solutions Holdings Limited

Lo Chun Kit Andrew

Chairman

Hong Kong, 10 November 2020

As of the date of this announcement, 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 announcement 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 announcement misleading.

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

EFT Solutions Holdings Limited
(incorporated in the Cayman Islands with limited liability)
HKEx Stock Code : 8062

Interim Report 2020



Efficient · Flexible · Trustworthy · EFT Solutions

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

CONTENTS

Corporate Information	3
Financial Highlights	5
Condensed Consolidated Statement of Profit or Loss	6
Condensed Consolidated Statement of Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	12
Notes to the Condensed Consolidated Financial Statements	13
Management Discussion and Analysis	32
Disclosure of Interests and Other Information	38

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Ms. Lam Ching Man
Mr. Lui Hin Weng Samuel

Independent Non-executive Directors

Mr. Tso Ping Cheng Brian
Mr. Wong Ping Yiu
Dr. Wu Wing Kuen *B.B.S.*

COMPLIANCE OFFICER

Mr. Lo Chun Wa

COMPANY SECRETARY

Mr. Li Man Ho

AUTHORISED REPRESENTATIVES

Mr. Lo Chun Kit Andrew
Mr. Li Man Ho

AUDIT COMMITTEE

Mr. Tso Ping Cheung Brian (*Chairman*)
Mr. Wong Ping Yiu
Dr. Wu Wing Kuen *B.B.S.*

REMUNERATION COMMITTEE

Mr. Wong Ping Yiu (*Chairman*)
Mr. Lo Chun Kit Andrew
Dr. Wu Wing Kuen *B.B.S.*

NOMINATION COMMITTEE

Mr. Lo Chun Kit Andrew (*Chairman*)
Mr. Wong Ping Yiu
Dr. Wu Wing Kuen *B.B.S.*

HONG KONG LEGAL ADVISER

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

AUDITOR

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

Corporate Information

PRINCIPAL BANK

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8062

COMPANY WEBSITE

www.eftsolutions.com

FINANCIAL HIGHLIGHTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2020 (the “**Reporting Period**”), together with the comparative figures for the corresponding period, as follows:

	For the six months ended		
	30 September		
	2020	2019	
	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	+/(–)
Revenue	46,905	63,370	(26.0%)
Gross profit	21,534	27,766	(22.4%)
Operating profit	14,203	16,508	(14.0%)
Profit before tax	13,500	10,420	29.6%
Profit for the period	10,433	7,780	34.1%
Profit attributable to the owners of the Company	10,362	7,926	30.7%

	As at		
	30 September	31 March	
	2020	2020	
	HK\$'000	HK\$'000	
	(Unaudited)	(Audited)	+/(–)
Total current assets	111,194	103,723	7.2%
Total assets	125,515	118,562	5.9%
Net current assets	94,379	84,814	11.3%
Total equity	107,737	99,431	8.4%

EARNINGS PER SHARE

	For the six months ended		
	30 September		
	2020	2019	
	HK cents	HK cents	
	(Unaudited)	(Unaudited)	+/(–)
Earnings per share			
– Basic and diluted	2.16	1.65	30.9%

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 September 2020

		For the three months ended 30 September		For the six months ended 30 September	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	24,334	31,367	46,905	63,370
Cost of goods sold and services		(12,840)	(18,984)	(25,371)	(35,604)
Gross profit		11,494	12,383	21,534	27,766
Other income	6	424	52	602	434
Other losses	7	(44)	(247)	(148)	(390)
Administrative expenses		(3,950)	(5,625)	(7,785)	(11,302)
Operating profit		7,924	6,563	14,203	16,508
Finance costs	8	(6)	(2,621)	(12)	(5,353)
Share of results of an associate		(430)	(477)	(691)	(735)
Profit before tax		7,488	3,465	13,500	10,420
Income tax expense	9	(2,074)	(1,171)	(3,067)	(2,640)
Profit for the period	10	5,414	2,294	10,433	7,780
Profit attributable to:					
– Owners of the Company		5,374	2,295	10,362	7,926
– Non-controlling interests		40	(1)	71	(146)
		5,414	2,294	10,433	7,780
Earnings per share					
– Basic and diluted (HK cents)	12	1.12	0.48	2.16	1.65

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2020

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	5,414	2,294	10,433	7,780
Other comprehensive income, net of tax				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	473	(82)	873	(43)
Fair value change of financial assets at fair value through other comprehensive income	–	600	–	600
Total comprehensive income for the period	5,887	2,812	11,306	8,337
Total comprehensive income attributable to:				
Owners of the Company	5,770	2,815	11,158	8,469
Non-controlling interests	117	(3)	148	(132)
	5,887	2,812	11,306	8,337

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	13	8,876	4,437
Right-of-use assets		722	1,444
Goodwill		227	227
Intangible assets		1,834	1,458
Investment in an associate		2,281	2,971
Deposits and prepayment	14	381	4,302
		14,321	14,839
CURRENT ASSETS			
Inventories		10,084	10,428
Trade and other receivables	14	60,234	58,451
Bank balances and cash		40,876	34,844
		111,194	103,723
CURRENT LIABILITIES			
Trade and other payables	15	11,855	14,894
Bank borrowings		–	116
Lease liabilities		788	1,502
Tax payable		4,172	2,397
		16,815	18,909
NET CURRENT ASSETS		94,379	84,814
TOTAL ASSETS LESS CURRENT LIABILITIES		108,700	99,653

Condensed Consolidated Statement of Financial Position

As at 30 September 2020

		As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
	Notes		
NON-CURRENT LIABILITIES			
Deferred tax liabilities		963	222
NET ASSETS			
		107,737	99,431
CAPITAL AND RESERVES			
Share capital	16	4,800	4,800
Share premium and reserves		102,806	94,648
		107,606	99,448
Non-controlling interests		131	(17)
TOTAL EQUITY			
		107,737	99,431

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 September 2020

	Attributable to the owners of the Company					Total	Non-Controlling interests	Total equity
	Share capital	Share premium	Special reserve	Exchange reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2020 (audited)	4,800	53,545	(10,228)	(474)	51,805	99,448	(17)	99,431
Comprehensive income								
Profit for the period	-	-	-	-	10,362	10,362	71	10,433
Other comprehensive income								
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	796	-	796	77	873
Total comprehensive income	-	-	-	796	10,362	11,158	148	11,306
Final dividend approved in respect of the previous financial year (Note 11)	-	-	-	-	(3,000)	(3,000)	-	(3,000)
As at 30 September 2020 (Unaudited)	4,800	53,545	(10,228)	322	59,167	107,606	131	107,737

Condensed Consolidated Statement of Change in Equity

For the six months ended 30 September 2020

	Attributable to the owners of the Company							Non-Controlling interests	Total equity
	Share capital	Share premium	Special reserve	FVTOCI reserve	Exchange reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note)								
As at 1 April 2019 (audited)	4,800	53,545	(10,228)	(700)	43	47,660	95,120	13,233	108,353
Comprehensive income									
Profit for the period	-	-	-	-	-	7,926	7,926	(146)	7,780
Other comprehensive income									
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	(57)	-	(57)	14	(43)
Fair value change of financial assets at fair value through other comprehensive income	-	-	-	600	-	-	600	-	600
Total comprehensive income	-	-	-	600	(57)	7,926	8,469	(132)	8,337
As at 30 September 2019									
(Unaudited)	4,800	53,545	(10,228)	(100)	(14)	55,586	103,589	13,101	116,690

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	16,629	17,327
NET CASH USED IN INVESTING ACTIVITIES	(6,790)	(1,959)
NET CASH USED IN FINANCING ACTIVITIES	(4,556)	(15,244)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,283	124
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	34,844	38,206
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	749	(59)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	40,876	38,271
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	40,876	38,271

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

2. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standard 34 (HKAS 34) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The amounts included in the condensed consolidated financial statements have been computed in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group incorporated in the annual report for the year ended 31 March 2020 (the “**2020 Annual Report**”). The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the 2020 Annual Report.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

During the Reporting Period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

4. REVENUE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of EFT-POS terminals and peripheral devices	8,110	8,311	14,975	21,252
Provision of system support and software solution services	16,224	23,056	31,930	42,118
	24,334	31,367	46,905	63,370

5. SEGMENT INFORMATION

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

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

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

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

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

5. SEGMENT INFORMATION *(continued)*

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

For the six months ended 30 September 2020

	Sale of hardware devices HK\$'000 (Unaudited)	System support and software solution services HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue – external customers	14,975	31,930	46,905
Segment results	6,394	15,302	21,696
Other income			466
Finance costs			(12)
Share of results of an associate			(691)
Unallocated expenses			(7,959)
Profit before tax			13,500

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

5. SEGMENT INFORMATION (continued)

For the six months ended 30 September 2019

	Sale of hardware devices HK\$'000 (Unaudited)	System support and software solution services HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue – external customers	21,252	42,118	63,370
Segment results	10,589	17,590	28,179
Other income			21
Finance costs			(5,353)
Share of results of an associate			(735)
Unallocated expenses			(11,692)
Profit before tax			10,420

Segment results represent the profit earned by each segment without allocation of certain other income, finance costs, central administrative costs, share of results of an associate and other unallocated expenses including depreciation and amortisation expenses, and directors' remuneration that are not directly attributable to segments as disclosed in the above table. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

5. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Segment assets		
Sale of hardware devices	17,406	22,638
System support and software solution services	22,886	25,239
Total segment assets	40,292	47,877
Unallocated assets:		
Property, plant and equipment	8,876	4,437
Goodwill	227	227
Intangible assets	1,834	1,458
Investment in an associate	2,281	2,971
Right-of-use assets	335	669
Prepayments and deposits	30,794	26,079
Bank balances and cash	40,876	34,844
Consolidated assets	125,515	118,562
Segment liabilities		
Sale of hardware devices	1,920	5,299
System support and software solution services	7,972	5,272
Total segment liabilities	9,892	10,571
Unallocated liabilities:		
Other payables and accrued expenses	2,386	5,129
Bank borrowings	–	116
Deferred tax liabilities	963	222
Lease liabilities	365	696
Tax payable	4,172	2,397
Consolidated liabilities	17,778	19,131

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

5. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, goodwill, intangible assets, investment in an associate, certain prepayment and deposits, financial asset at fair value through profit or loss, derivative financial instruments and bank balances and cash that are not attributable to respective segment.
- all liabilities are allocated to operating segments other than certain other payables and accrued expenses, bank borrowings, promissory notes and tax payable that are not attributable to respective segment.

Other segment information

As at 30 September 2020

	Sale of hardware devices HK\$'000 (Unaudited)	System support and software solution services HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Impairment losses on trade receivables	803	1,311	2,114

As at 31 March 2020

	Sale of hardware devices HK\$'000 (Audited)	System support and software solution services HK\$'000 (Audited)	Consolidated HK\$'000 (Audited)
Impairment losses on trade receivables	268	1,698	1,966

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

5. SEGMENT INFORMATION (continued)

Geographical information

Non-current assets by geographical location

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

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Hong Kong	9,546	5,857
Australia	2,113	1,709
	11,659	7,566

Note: Non-current assets excluded investment in an associate and deposit and prepayment.

Revenue by geographical location

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

	For the six months ended 30 September 2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong	40,433	46,204
Macau	2,395	12,774
Australia	3,530	3,701
Others	547	691
	46,905	63,370

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

6. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Delivery income	48	44	136	412
Bank interest income	1	8	2	18
Net exchange gains	375	–	464	4
	424	52	602	434

7. OTHER LOSSES

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net exchange losses	–	255	–	406
Allowance for doubtful debt, net of reversal	44	(10)	148	(28)
Loss on write-off of property, plant and equipment	–	2	–	12
	44	247	148	390

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

8. FINANCE COSTS

	For the three months ended 30 September 2020		For the six months ended 30 September 2020	
	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on bank and other borrowings	1	76	1	146
Interest on lease liabilities	5	11	11	24
Interest on promissory notes	–	2,534	–	5,183
	6	2,621	12	5,353

9. INCOME TAX EXPENSE

	For the three months ended 30 September 2020		For the six months ended 30 September 2020	
	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits Tax	1,260	1,223	2,206	2,802
Overseas income tax	73	31	120	64
Total current income tax	1,333	1,254	2,326	2,866
Deferred income tax	741	(83)	741	(226)
Total tax change for the period	2,074	1,171	3,067	2,640

Hong Kong Profits Tax has been provided for at the rate of 16.5% (for the six months ended 30 September 2019: 16.5%) on the estimated assessable profits for the Reporting Period.

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

No provision for the PRC corporate income tax has been made as the Group did not generate any taxable profits in the PRC during the Reporting Period. The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

10. PROFIT FOR THE PERIOD

	For the three months ended		For the six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging/(crediting):				
Directors' remuneration				
– Directors' fees	276	190	552	406
– Salaries and allowances	330	471	636	927
– Retirement benefits scheme contribution	9	9	18	18
Other staff costs				
– Salaries and allowances	4,012	6,205	9,381	12,830
– Retirement benefits scheme contribution	212	205	425	444
Total employee benefits expenses (including directors' emoluments)	4,839	7,080	11,012	14,625
Cost of inventories recognised as expense	4,854	4,571	8,599	11,007
Depreciation of property, plant and equipment	1,018	481	1,598	1,067
Depreciation of the right-of-use assets	360	354	722	708
Amortisation of intangible assets	124	554	246	1,109

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

11. DIVIDEND

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Final dividend declared and paid (HK0.625 cent per share) (Note a)	3,000	–	3,000	–

Note:

- (a) The final dividend for the year ended 31 March 2020 was approved at the annual general meeting of the Company held on 6 August 2020 and was paid on 18 September 2020.

The Board has resolved not to declare an interim dividend payment for the six months ended 30 September 2020.

12. EARNINGS PER SHARE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings				
Earnings for the purpose of basic and diluted earnings per share	5,374	2,295	10,362	7,926
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Number of Shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	480,000	480,000	480,000	480,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment of approximately HK\$6,181,000 (six months ended 30 September 2019: HK\$179,000) and there is no disposed and write-off of property, plant and equipment (six months ended 30 September 2019: HK\$12,000).

14. TRADE AND OTHER RECEIVABLES

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Current assets		
Trade receivables from contract with customers (Note a)	35,641	36,334
Prepayments, other deposits and other receivables	24,593	22,117
Total	60,234	58,451
Non-current asset		
Rental deposits paid to the Lo's Family, Mr. Lo Chun Wa and its related company (Note b)	381	302
Prepayment of acquisition of property, plant and equipment	–	4,000
Total	381	4,302

Notes:

- As at 30 September 2020, included in trade receivables from contract with customers above, approximately HK\$10.6 million due from EFT Payments (Asia) Limited, of which Mr. Lo is the ultimate shareholder. The amount due is trade in nature, unsecured and interest-free.
- The properties owned by (i) Mr. Lo and his spouse, Ms. Lam Ching Man ("**Ms. Lam**") (collectively referred to as the "**Lo's Family**"; (ii) Mr. Lo Chun Wa; and (iii) Affinity Corporation Limited, an entity controlled by Mr. Lo. All of the properties rented are used as the office premises of the Group in Hong Kong.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

14. TRADE AND OTHER RECEIVABLES (continued)

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

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the Reporting Period:

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Within 30 days	13,964	16,439
31–60 days	4,083	8,405
61–90 days	3,311	1,179
91–180 days	7,629	4,755
181–365 days	2,217	1,431
Over 365 days	4,437	4,125
	35,641	36,334

Included in the Group's trade receivables balance are debtors as at 30 September 2020 with an aggregate carrying amount of approximately HK\$21,677,000 (as at 31 March 2020: HK\$19,895,000) which are past due at the reporting date and the Group provided for impairment loss of approximately HK\$2,114,000 (as at 31 March 2020: HK\$1,966,000), given there is no history of significant defaults from customer and insignificant impact from forward-looking estimates. The trade receivables are regularly reviewed by management to ensure relevant information about specific debtors is updated.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

15. TRADE AND OTHER PAYABLES

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Current:		
Trade payables	2,486	1,322
Contract liabilities	2,628	8,365
Other payables and accrued expenses	6,741	5,207
	11,855	14,894

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

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Within 30 days	1,548	1,079
31–60 days	136	42
61–90 days	135	98
Over 90 days	667	103
	2,486	1,322

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

16. SHARE CAPITAL

The movement in share capital of the Company are as follows:

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 31 March 2020 and 30 September 2020	780,000	7,800
Issued and fully paid:		
As at 31 March 2020 and 30 September 2020	480,000	4,800

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

17. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the condensed consolidated statement of financial position and other details disclosed elsewhere in the condensed consolidated financial statements. During the six months ended 30 September 2019 and 2020, the Group entered into the following transactions with related parties:

Name of related party	Nature of transactions/balances	For the six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Affinity Corporation Limited (Note 1)	Repayment of lease liabilities/rental expense paid	168	168
EFT Payments (Asia) Limited (Note 1)	Sales of EFT-POS terminals and peripheral devices (Note 2)	5,642	5,630
	Provision of EFT-POS system support services	4,870	4,765
	Acquisition of fixed asset	93	–
	Disposal of fixed asset	–	31
LV Capital Limited (Note 3)	Consultancy expense paid	–	171
Mr. Lo	Repayment of lease liabilities/rental expense paid	524	486
Ms. Lam (Note 4)	Repayment of lease liabilities/rental expense paid	162	162
Mr. Lo Chun Wa (Note 5)	Repayment of lease liabilities/rental expense paid	90	90
Affinity Corporation Limited	Rental deposit	56	56
Mr. Lo	Rental deposit	241	162
Ms. Lam	Rental deposit	54	54
Mr. Lo Chun Wa	Rental deposit	30	30

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

17. RELATED PARTY TRANSACTIONS *(continued)*

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

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

Note 3: Mr. Lui Hin Weng Samuel, the non-executive director of the Company, is the director of LV Capital Limited.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overview

The Group recorded profit for the Reporting Period of approximately HK\$10.4 million which represented a significant increase of approximately 33.3% on a period-to-period basis. It was mainly due to the decrease in administrative expenses and finance cost.

Revenue

Revenue of approximately HK\$63.3 million and HK\$46.9 million were recognised for the six months ended 30 September 2019 and 2020 respectively, which represented a decrease of approximately 26.0%. This was driven by the decrease in sales of EFT-POS terminals and peripheral devices and the termination of provision of POS software solution services since January 2020.

For sales of EFT-POS terminals and peripheral devices, revenue of approximately HK\$21.2 million and HK\$15.0 million were recognised for the six months ended 30 September 2019 and 2020 respectively, which represented a significant decrease of approximately 29.2% mainly due to decrease in the number of EFT-POS terminals sold.

For provision of system support and software solution services, revenue of approximately HK\$42.1 million and HK\$31.9 million were recognised for the six months ended 30 September 2019 and 2020 respectively, which represented a decrease of approximately 24.2% mainly due to the termination of provision of POS software solution services since January 2020.

Costs of Goods Sold and Services

Costs of goods sold and services primarily consisted of costs of inventories recognised as expense, cost of independent service providers, tools and consumables, salaries and benefits, freight and transportation, rent, local travelling and telephone and utilities expense. Costs of goods sold and services for the Reporting Period was approximately HK\$25.4 million (six months ended 30 September 2019: HK\$35.6 million), which represented a decrease of approximately 28.7% on a period-to-period basis due to decrease in costs of inventories sold in accordance with the decrease in revenue from sales of EFT-POS terminals and peripheral devices and the absence of the cost from provision of POS software solution services.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

The overall gross profit for the Reporting Period was approximately HK\$21.5 million (six months ended 30 September 2019: HK\$27.8 million), which represented a significant decrease of about 22.7%. The overall gross profit margin for the Reporting Period was about 45.9% (six months ended 30 September 2019: 43.8%), which represented an increase of about 2.1%. The reason for the increase was primarily due to the increase of profit margin in the market of software solution services in the Reporting Period and decrease of staff cost as compared to that in the corresponding period in 2019.

Other Incomes

Other income mainly represented delivery income charged back to customers, bank interest income and net exchange gains. Other income for the six months ended 30 September 2019 and 2020 was approximately HK\$0.4 million and HK\$0.6 million, respectively, and was relatively stable over the corresponding periods.

Staff Costs

Staff costs of approximately HK\$11.0 million were recorded for the Reporting Period (six months ended 30 September 2019: HK\$14.6 million). The staff costs were decreased due to the combined effect of the subsidy from Hong Kong Government's employment support scheme and increase of staff headcount in current period.

Other Administrative Expenses

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

Other administrative expenses for the Reporting Period was approximately HK\$5.1 million (six months ended 30 September 2019: HK\$8.7 million), which represented a decrease of approximately 41.4% as a result of the decrease in legal and professional fee which related one-off compliance work for the disposal of subsidiaries in corresponding period in 2019.

Management Discussion and Analysis

Share of Results of an Associate

The Group had 18.3% of interest in Open Sparkz Pty Limited (“**Open Sparkz**”). Share of results of an associate represented the operating losses arising from this associate.

Finance Costs

Finance costs represented imputed interest expenses on promissory notes, interest expenses on bank borrowings and finance cost of lease liabilities. Finance costs for the Reporting Period was approximately HK\$0.01 million (six months ended 30 September 2019: HK\$5.4 million). The decrease is mainly due to absence of interest expenses on promissory notes as the promissory notes had been waived after disposal of the Earn World Group in December 2019.

Profit for the Period

The Group recorded profit of approximately HK\$10.4 million for the Reporting Period (six months ended 30 September 2019: HK\$7.8 million). This was mainly due to the decrease in gross profit and net off by the decrease of the finance costs from issuance of promissory notes and administrative expenses.

Financial Position, Liquidity and Financial Resources

The Group adopts a prudent cash and financial management policy. The Group has remained at a sound financial resource level. As at 30 September 2020, the Group had net current assets of approximately HK\$94.4 million (as at 31 March 2020: approximately HK\$84.8 million), including cash and bank balances of approximately HK\$40.9 million (as at 31 March 2020: approximately HK\$34.8 million).

As at 30 September 2020, the gearing ratio (calculated on the basis of total bank borrowings and promissory notes divided by the total equity as at the end of the period) of the Group was nil (as at 31 March 2020: approximately 0.1%). Such decrease was mainly due to all bank borrowing has been fully repaid in April 2020.

Pledge of Assets

As at 30 September 2020, the Group did not have any pledged assets (as at 31 March 2020: Nil).

Management Discussion and Analysis

Foreign Currency Risk

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

Capital Commitments and Contingent Liabilities

As at 30 September 2020, the Group did not have any significant capital commitments (as at 31 March 2020: HK\$6.0 million).

As at 30 September 2020, the Group did not have any significant capital expenditure (as at 31 March 2020: Nil).

As at 30 September 2020, the Group did not have any significant contingent liability (as at 31 March 2020: Nil).

Capital Structure

There has been no change in the Company's capital structure during the Reporting Period. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

Segmental Information

Segmental information is presented for the Group as disclosed in Note 5 to the condensed consolidated financial statements.

Employees and remuneration policies

As at 30 September 2020, the Group employed 79 (as at 31 March 2020: 81) full time employees (including executive Directors). We determine the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses.

Management Discussion and Analysis

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

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the Reporting Period and up to the date of this report.

Plans for Material Investments and Acquisitions

The Group did not have any plans for material investments and acquisitions as at 30 September 2020 and up to the date of this report.

Dividend

The Board does not recommend payment of dividend for the Reporting Period (for the six months ended 30 September 2019: Nil).

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

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

BUSINESS REVIEW AND OUTLOOK

The Group has continued to take a leading position as an innovative EFT-POS solution provider focusing on sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services, software solution services and embedded system solution services in Hong Kong.

Management Discussion and Analysis

We are confident in positioning ourselves as a major link between EFT-POS terminal manufacturers and acquirers (i.e. acquiring bank or payment processor that processes credit or debit card payments on behalf of a merchant) to provide total EFT-POS solutions, which includes sourcing of EFT-POS terminals and peripheral devices services, as well as the development of software that comply with electronic payment standards acceptance certification, installation and ongoing maintenance and repair services of EFT-POS terminals.

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

During the period ended 30 September 2020, the Group continued its efforts in developing the sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services, software solution services and embedded system solution services.

We expect 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, Faster Payment System (“**FPS**”) and e-wallet payment system.

The Group will strive its best effort to achieve business growth and contribute our expertise to Hong Kong on its endeavor to transform itself into a smart city. The Group aims to further expand our market shares and strengthen our market position in EFT-POS sales, system support and software solution industries by increasing its capabilities and offering diverse and high quality onestop integrated services.

However, the Group foresees the economic downturn due to the outbreak of COVID-19 in Hong Kong in 2020 may have negative impact to our 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 our system support services. We will closely monitor the conditions and keep our Shareholders informed of material developments.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 30 September 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Interests in the Shares of the Company

Name	Capacity	Notes	Long position	
			Total interests in ordinary Shares	Percentage of total number of issued Shares
Mr. Lo	Interest in a controlled corporation	1	348,455,000	72.59%
	Beneficial owner	1	2,765,000	0.58%
Ms. Lam	Interest of spouse	2	351,220,000	73.17%

Notes:

1. Mr. Lo is interested in the entire issued share capital of LCK and he is therefore deemed to be interested in the 348,455,000 Shares held by LCK by virtue of the SFO.
2. Ms. Lam is the spouse of Mr. Lo and she is therefore deemed to be interested in the Shares held by Mr. Lo by virtue of the SFO.

Save as disclosed above, as at 30 September 2020, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Disclosure of Interests and Other Information

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

As at 30 September 2020, to the knowledge of the Directors, shareholders of the Company (the “Shareholders”) (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Notes	Long position	
			Number of ordinary Shares	Percentage of total number of issued Shares
LCK	Beneficial Owner	1	348,455,000	72.59%

Note:

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

Save as disclosed above, as at 30 September 2020, to the knowledge of the Directors, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Disclosure of Interests and Other Information

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the Reporting Period and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above of this report, at no time during the Reporting Period and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

For the Reporting Period and up to the date of this report, none of the Directors, nor the substantial shareholders of the Company nor their respective close associates (as defined under the GEM Listing Rules) had any interests (other than their interest in the Company or (prior to completion of the Reorganisation) its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Saved as disclosed in Note 17 to the condensed consolidated financial statements in this report, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period under review.

Disclosure of Interests and Other Information

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Saved as disclosed in Note 17 to the condensed consolidated financial statements in this report, there had been no contract of significance between the Company or any of its subsidiaries and a controlling Shareholder (as defined in the GEM Listing Rules) or any of their close associates, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of their close associates.

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

During the Reporting Period and up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions (the “**Model Code**”) by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, all Directors have complied with the Model Code for the Reporting Period.

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

Disclosure of Interests and Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Group has adopted the principles and code provisions of Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established its audit committee (“**Audit Committee**”), a nomination committee and a remuneration committee with specific written terms of reference. During the Reporting Period and up to the date of this report, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules except for the deviations as follows:

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

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

Disclosure of Interests and Other Information

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was established by the Board on 23 November 2016 with written terms of reference in compliance with the GEM Listing Rules. Members of the Audit Committee currently comprise Tso Ping Cheong Brian (Chairman of the Audit Committee), Dr. Wu Wing Kwen B.B.S. and Mr. Wong Ping Yiu, all of them being independent non-executive Directors. The primary duties of the Audit Committee include, but are not limited to, (a) monitoring the integrity of the Company's financial statements, (b) reviewing the Company's financial controls, internal control and risk management systems, and (c) reviewing the Group's financial and accounting policies and practices.

The Audit Committee has reviewed with the management the condensed consolidated financial statements of the Group for the Reporting Period, this interim report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee is satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board

EFT Solutions Holdings Limited

Lo Chun Kit Andrew

Chairman and Chief Executive Officer

10 November 2020

Disclosure of Interests and Other Information

As of the date of this report, 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.

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