

2021

INTERIM REPORT

EFT Solutions

Efficient • Flexible • Trustworthy • EFT Solutions

EFT Solutions Holdings Limited

(incorporated in the Cayman Islands with limited liability)

HKEx Stock Code : 8062



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

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	33
Disclosure of Interests and Other Information	40

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 Cheong 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 Cheong 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

Windward 3
Regatta Office Park, 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
Windward 3
Regatta Office Park, P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Link Market Services (Hong Kong) Pty Limited
Suite 1601, 16/F
Central Tower
28 Queen's Road Central
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 2021 (the “**Reporting Period**”), together with the comparative figures for the corresponding period, as follows:

	For the six months ended		+ / (-)
	30 September		
	2021	2020	
	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	
Revenue	55,321	46,905	17.9%
Gross profit	21,682	21,534	0.7%
Operating profit	10,750	14,203	(24.3%)
Profit before tax	10,750	13,500	(20.4%)
Profit for the period	8,395	10,433	(19.5%)
Profit attributable to the owners of the Company	8,276	10,362	(20.1%)

	As at		+ / (-)
	30 September		
	2021	31 March	
	HK\$'000	2021	
	(Unaudited)	HK\$'000	
		(Audited)	
Total current assets	101,123	101,031	0.1%
Total assets	142,353	128,264	11.0%
Net current assets	77,751	88,171	(11.8%)
Total equity	117,774	114,452	2.9%

EARNINGS PER SHARE

	For the six months ended		+ / (-)
	30 September		
	2021	2020	
	HK cents	HK cents	
	(Unaudited)	(Unaudited)	
Earnings per share			
– Basic and diluted	1.72	2.16	(20.4%)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 September 2021

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	28,435	24,334	55,321	46,905
Cost of goods sold and services		(17,651)	(12,840)	(33,639)	(25,371)
Gross profit		10,784	11,494	21,682	21,534
Other income	6	(7)	424	12	602
Other losses	7	(1,140)	(44)	(1,420)	(148)
Administrative expenses		(4,505)	(3,950)	(9,524)	(7,785)
Operating profit		5,132	7,924	10,750	14,203
Finance costs	8	–	(6)	–	(12)
Share of results of an associate		–	(430)	–	(691)
Profit before tax		5,132	7,488	10,750	13,500
Income tax expense	9	(1,282)	(2,074)	(2,355)	(3,067)
Profit for the period	10	3,850	5,414	8,395	10,433
Profit attributable to:					
– Owners of the Company		3,791	5,374	8,276	10,362
– Non-controlling interests		59	40	119	71
		3,850	5,414	8,395	10,433
Earnings per share					
– Basic and diluted (HK cents)	12	0.79	1.12	1.72	2.16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2021

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit for the period	3,850	5,414	8,395	10,433
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	(197)	473	(273)	873
Total comprehensive income for the period	3,653	5,887	8,122	11,306
Total comprehensive income attributable to:				
Owners of the Company	3,606	5,770	8,019	11,158
Non-controlling interests	47	117	103	148
	3,653	5,887	8,122	11,306

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	13	22,253	12,096
Goodwill		5,627	227
Intangible assets		6,144	1,685
Deposits and prepayment	14	7,206	13,225
		41,230	27,233
CURRENT ASSETS			
Inventories		10,533	6,231
Trade and other receivables	14	51,412	38,254
Bank balances and cash		38,018	54,833
Prepaid tax		1,160	1,713
		101,123	101,031
CURRENT LIABILITIES			
Trade and other payables	15	22,702	12,552
Tax payable		670	308
		23,372	12,860
NET CURRENT ASSETS		77,751	88,171
TOTAL ASSETS LESS CURRENT LIABILITIES		118,981	115,404
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,207	952
NET ASSETS		117,774	114,452

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

		As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
	Notes		
CAPITAL AND RESERVES			
Share capital	16	4,800	4,800
Share premium and reserves		112,677	109,458
		117,477	114,258
Non-controlling interests		297	194
TOTAL EQUITY		117,774	114,452

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	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	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2021 (Audited)	4,800	53,545	(10,228)	388	65,753	114,258	194	114,452
Comprehensive income								
Profit for the period	-	-	-	-	8,276	8,276	119	8,395
Other comprehensive income								
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	(257)	-	(257)	(16)	(273)
Total comprehensive income	-	-	-	(257)	8,276	8,019	103	8,122
Final dividend approved in respect of the previous financial year (Note 11)	-	-	-	-	(4,800)	(4,800)	-	(4,800)
As at 30 September 2021 (Unaudited)	4,800	53,545	(10,228)	131	69,229	117,477	297	117,774

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	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	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

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 2021

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	4,330	16,629
NET CASH USED IN INVESTING ACTIVITIES	(15,691)	(6,790)
NET CASH USED IN FINANCING ACTIVITIES	(4,800)	(4,556)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(16,161)	5,283
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	54,833	34,844
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	(654)	749
CASH AND CASH EQUIVALENTS AT END OF PERIOD	38,018	40,876
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	38,018	40,876

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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, Windward 3, Regatta Office Park, 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 2021

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 2021 (the “**2021 Annual Report**”). The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the 2021 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 2021

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 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The application of the amendments to HKFRSs has no material impact on the Group's financial position and financial performance for the current and/or prior periods and/or on the disclosure set out in the Interim Financial Information.

The Group has not applied any new and amendments to HKFRSs that have been issued but not yet effective for the current accounting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of EFT-POS terminals and peripheral devices	12,365	8,110	22,996	14,975
Provision of system support and software solution services	16,070	16,224	32,325	31,930
	28,435	24,334	55,321	46,905

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 services, software solution services and embedded system 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 2021

5. SEGMENT INFORMATION (continued)

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

For the six months ended 30 September 2021

	Sale of hardware devices HK\$'000 (Unaudited)	System support and software solution services HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue – external customers	23,001	32,325	55,326
Segment results	9,127	10,598	19,725
Other income			7
Unallocated expenses			(8,982)
Profit before tax			10,750

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

5. SEGMENT INFORMATION (continued)

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

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 2021

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 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Segment assets		
Sale of hardware devices	30,309	15,580
System support and software solution services	27,742	20,498
Total segment assets	58,051	36,078
Unallocated assets:		
Property, plant and equipment	22,253	12,096
Goodwill	5,627	227
Intangible assets	6,144	1,685
Prepayments and deposits	11,100	21,633
Bank balances and cash	38,018	54,833
Tax recoverable	1,160	1,713
Consolidated assets	142,353	128,264
Segment liabilities		
Sale of hardware devices	14,510	4,437
System support and software solution services	6,756	6,170
Total segment liabilities	21,266	10,607
Unallocated liabilities:		
Other payables and accrued expenses	1,672	1,945
Deferred tax liabilities	1,207	952
Tax payable	434	308
Consolidated liabilities	24,579	13,812

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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 and tax payable that are not attributable to respective segment.

Other segment information

As at 30 September 2021

	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	183	1,779	1,962

As at 31 March 2021

	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	114	813	927

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Hong Kong	22,085	12,056
Macau	10,163	–
Australia	1,776	1,952
	34,024	14,008

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong	46,003	40,433
Australia	5,591	3,530
Macau	3,431	2,395
Others	296	547
	55,321	46,905

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

6. OTHER INCOME

	For the three months ended		For the six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Delivery income	4	48	5	136
Bank interest income	1	1	1	2
Net exchange gains	(12)	375	–	464
Gain on disposal of PPE	–	–	6	–
	(7)	424	12	602

7. OTHER LOSSES

	For the three months ended		For the six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net exchange losses	388	–	388	–
Allowance for doubtful debt, net of reversal	752	44	1,032	148
	1,140	44	1,420	148

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

8. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on bank and other borrowings	-	1	-	1
Interest on lease liabilities	-	5	-	11
	-	6	-	12

9. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits Tax	715	1,260	1,707	2,206
Overseas income tax	213	73	393	120
Total current income tax	928	1,333	2,100	2,326
Deferred income tax	354	741	255	741
Total tax change for the period	1,282	2,074	2,355	3,067

Hong Kong Profits Tax has been provided for at the rate of 16.5% (for the six months ended 30 September 2020: 16.5%) on the estimated assessable profits for the Reporting Period.

Tax on overseas profits in Australia and Macau 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 2021

10. PROFIT FOR THE PERIOD

	For the three months ended		For the six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:				
Directors' remuneration				
– Directors' fees	276	276	552	552
– Salaries and allowances	333	330	665	636
– Retirement benefits scheme contribution	9	9	18	18
Other staff costs				
– Salaries and allowances	5,302	4,012	10,366	9,381
– Retirement benefits scheme contribution	206	212	413	425
Total employee benefits expenses (including directors' emoluments)	6,126	4,839	12,014	11,012
Cost of inventories recognised as expense	7,745	4,854	13,620	8,599
Depreciation of property, plant and equipment	792	1,018	1,610	1,598
Depreciation of the right-of-use assets	–	360	–	722
Amortisation of intangible assets	470	124	609	246
Expense relating to short-term leases	522	518	1,127	1,075

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

11. DIVIDEND

	For the three months ended		For the six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Final dividend in respect of the previous year, approved and paid during the Reporting Period, of HK1.0 cent (2020: HK0.625 cent) per share	4,800	3,000	4,800	3,000

The Board has resolved not to declare an interim dividend payment for the six months ended 30 September 2021 (2020: Nil).

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		For the six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings				
Earnings for the purpose of basic and diluted earnings per share	3,791	5,374	8,276	10,362
	'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 2021

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired property, plant and equipment of approximately HK\$11,888,000 (six months ended 30 September 2020: HK\$6,181,000) and there is HK\$12,000 of disposed and write-off of property, plant and equipment (six months ended 30 September 2020: Nil).

14. TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Current assets		
Trade receivables from contract with customers (Note a)	48,014	33,603
Less: allowance for credit losses	(1,961)	(928)
Prepayments, other deposits and other receivables	5,360	12,553
Less: allowance for credit losses	(1)	(6,974)
Total	51,412	38,254
Non-current assets		
Rental deposits paid to the Lo's Family, Mr. Lo Chun Wa and its related company (Note b)	319	381
Deposit paid for acquisition of a subsidiary (Note c)	–	8,700
Deposit paid for acquisition of property, plant and equipment	6,903	4,195
Less: allowance for credit losses	(16)	(51)
Total	7,206	13,225

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

14. TRADE AND OTHER RECEIVABLES (continued)

Notes:

- (a) As at 30 September 2021, included in trade receivables from contract with customers above, approximately HK\$19.9 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.
- (b) 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.
- (c) On 29 March 2021, the Group entered into a sales and purchase agreement to acquire 100% equity interest in a company, a private company incorporated in Macau (“**Macau Company**”) from an independent third party with consideration of MOP11,000,000 (equivalent to approximately HK\$10,680,000). In June 2021, all the condition precedent under the sales and purchase agreement has been fulfilled, the 100% equity interest in the Macau Company has been transferred to the Group and the acquisition has been completed.

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 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Within 30 days	17,030	8,205
31–60 days	2,463	5,438
61–90 days	8,428	2,316
91–180 days	8,430	6,836
181–365 days	9,648	9,562
Over 365 days	54	318
	46,053	32,675

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

14. TRADE AND OTHER RECEIVABLES (continued)

Included in the Group's trade receivables balance are debtors as at 30 September 2021 with an aggregate carrying amount of approximately HK\$29,023,000 (as at 31 March 2021: HK\$24,470,000) which are past due at the reporting date and the Group provided for impairment loss of approximately HK\$1,962,000 (as at 31 March 2021: HK\$21,000), 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.

15. TRADE AND OTHER PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Current:		
Trade payables	6,783	1,988
Contract liabilities	14,585	8,734
Other payables and accrued expenses	1,334	1,830
	22,702	12,552

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

15. TRADE AND OTHER PAYABLES (continued)

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 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Within 30 days	4,886	1,596
31–60 days	1,082	288
61–90 days	354	103
Over 90 days	461	1
	6,783	1,988

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 2021 and 30 September 2021	780,000	7,800
Issued and fully paid:		
As at 31 March 2021 and 30 September 2021	480,000	4,800

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

17. BUSINESS COMBINATION

Macau Company

On 1 June 2021, the Group acquired 100% interest in Macau Company. Macau Company is engaged in the provision of EFT-POS system support services in Macau. The purchase consideration for the acquisition was MOP11,000,000 (equivalent to HK\$10,680,000).

The fair values of the identifiable assets and liabilities of the acquisitions as at the date of acquisition were as follows:

	Macau Company HK\$'000
Property, plant and equipment	231
Intangible assets	4,951
Trade and other receivables	230
Bank balances and cash	669
Trade and other payables	(197)
Deferred tax liabilities	(594)
Fair value of net assets acquired	5,290
Goodwill	5,390
Total consideration	10,680
Consideration satisfied by:	
Cash	10,680

Note: Goodwill was preliminary determined and subject to reassessment. Different fair value may be determined which consequently may result in a financial effect which is materially different from above.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

18. 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 2020 and 2021, 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	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Affinity Corporation Limited (Note 1)	Repayment of lease liabilities/rental expense paid	168	168
	Rental deposit	56	56
EFT Payments (Asia) Limited (Note 1)	Sales of EFT-POS terminals and peripheral devices (Note 2)	8,117	5,642
	Provision of EFT-POS system support services	3,479	4,870
	Acquisition of fixed asset	-	93
	Disposal of fixed asset	6	-
Mr. Lo	Repayment of lease liabilities/rental expense paid	646	524
	Rental deposit	208	241
Ms. Lam (Note 3)	Repayment of lease liabilities/rental expense paid	162	162
	Rental deposit	54	54
Mr. Lo Chun Wa (Note 4)	Repayment of lease liabilities/rental expense paid	20	90
	Rental deposit	-	30

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

18. RELATED PARTY TRANSACTIONS *(continued)*

Notes:

1. Mr. Lo is the ultimate shareholder of Affinity Corporation Limited and EFT Payments (Asia) Limited.
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.
3. Ms. Lam is a non-executive Director and the spouse of Mr. Lo.
4. 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\$8.4 million which represented a significant decrease of approximately 19.2% on a period-to-period basis. It was mainly due to the increase in cost of sales and administrative expenses.

Revenue

Revenue of approximately HK\$46.9 million and HK\$55.3 million were recognised for the six months ended 30 September 2020 and 2021 respectively, which represented an increase of approximately 17.9%. This was mainly driven by the increase in sales of EFT-POS terminals and peripheral devices.

For sales of EFT-POS terminals and peripheral devices, revenue of approximately HK\$15.0 million and HK\$23.0 million were recognised for the six months ended 30 September 2020 and 2021 respectively, which represented a significant increase of approximately 53.3% 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\$31.9 million and HK\$32.3 million were recognised for the six months ended 30 September 2020 and 2021 respectively, which represented an increase of approximately 1.3% mainly due to increase of the system support for the EFT-POS terminals.

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\$33.6 million (six months ended 30 September 2020: HK\$25.4 million), which represented an increase of approximately 32.3% on a period-to-period basis due to increase in costs of inventories sold in accordance with the increase in revenue from sales of EFT-POS terminals and peripheral devices and the absence of the subsidy from Hong Kong Government's employment support scheme.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

The overall gross profit for the Reporting Period was approximately HK\$21.7 million (six months ended 30 September 2020: HK\$21.5 million), which represented an increase of about 0.9%. The overall gross profit margin for the Reporting Period was about 39.2% (six months ended 30 September 2020: 45.9%), which represented a decrease of about 6.7%. The reason for the decrease was mainly due to the absence of the subsidy from Hong Kong Government's employment support scheme and selling the EFT-POS terminals and peripheral devices with relatively lower profit margin to customers during the Reporting Period.

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 2020 and 2021 was approximately HK\$0.6 million and HK\$0.01 million, respectively, and the decrease was mainly due to absence of net exchange gains in Reporting Period.

Staff Costs

Staff costs of approximately HK\$12.3 million were recorded for the Reporting Period (six months ended 30 September 2020: HK\$11.0 million). The staff costs were increased due to the absence of subsidy from Hong Kong Government's employment support scheme in the Reporting 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\$6.0 million (six months ended 30 September 2020: HK\$5.1 million), which represented an increase of approximately 17.6% as a result of the increase in legal and professional fee which related one-off compliance work for the acquisition of subsidiaries in Reporting Period.

Management Discussion and Analysis

Share of Results of an Associate

As at 30 September 2021, the Group had nil (2020: 18.3%) interests in Open Sparkz. Share of results of an associate represented operating losses arising from this associate. The Group did not share the loss of an associate during the Reporting Period since the Company has disposed all the shareholding of Open Sparkz in February 2021.

Finance Costs

Finance costs represented interest expenses on bank borrowings and finance cost of lease liabilities. Finance costs for the Reporting Period was Nil (six months ended 30 September 2020: HK\$0.01 million). The decrease is mainly due to absence of the bank borrowing and lease liabilities in Reporting Period.

Profit for the Period

The Group recorded profit of approximately HK\$8.4 million for the Reporting Period (six months ended 30 September 2020: HK\$10.4 million). This was mainly due to the increase of other losses and administrative expenses and net off by the decrease of the finance costs and share results of an associate.

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 2021, the Group had net current assets of approximately HK\$77.8 million (as at 31 March 2021: approximately HK\$88.2 million), including cash and bank balances of approximately HK\$38.0 million (as at 31 March 2021: approximately HK\$54.8 million).

As at 30 September 2021, the gearing ratio (calculated on the basis of total bank borrowings divided by the total equity as at the end of the period) of the Group was Nil (as at 31 March 2021: Nil). Such decrease was mainly due to all bank borrowing has been fully repaid in April 2020.

Pledge of Assets

As at 30 September 2021, the Group did not have any pledged assets (as at 31 March 2021: 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 2021, the Group had capital commitment for the acquisition of property, plant and equipment of HK\$2.5 million (as at 31 March 2021: HK\$15.7 million). Up to the date of this report, the Group has paid HK\$1.25 million for the acquisition.

As at 30 September 2021, the Group did not have any significant capital expenditure (as at 31 March 2021: Nil).

As at 30 September 2021, the Group did not have any significant contingent liability (as at 31 March 2021: 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 2021, the Group employed 76 (as at 31 March 2021: 78) 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

On 29 March 2021, the Group entered into a sales and purchase agreement to acquire 100% equity interest in a company, a private company incorporated in Macau (“**Macau Company**”) from an independent third party with consideration of MOP11,000,000 (equivalent to approximately HK\$10,680,000). In June 2021, all the condition precedent under the sales and purchase agreement has been fulfilled, the 100% equity interest in the Macau Company has been transferred to the Group and the acquisition has been completed.

On 22 April 2021, the Group entered into a sales and purchase agreement with Mr. Lo and Mr. Lo Chun Wa, the directors, to acquire a property owned by them at a consideration of HK\$9,100,000. The acquisition constitute as a connected transaction under Chapter 20 of the GEM Listing Rules. Details are set out in the Company’s announcement dated 22 April 2021. The acquisition was completed on 3 May 2021.

Save as disclosed above, 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 2021 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 2020: Nil).

Management Discussion and Analysis

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 sales 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.

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 sales 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. We are also expanding into the procurement of intelligent sales system devices and gadgets to strengthen our product portfolio with more comprehensive electronic payment services. The Group has also enhanced our software technology by developing "ESTIM", an intelligent terminal management system, to monitor the terminals in real time with cloud technology. Moreover, Over-The-Air ("OTA") technology has been used by the Group to update the terminal program remotely, which improves the efficiency and accuracy of solving the terminal problems.

Management Discussion and Analysis

Besides, the Group has focused on providing merchants with various back-end support services and diversified payment solution services. In order to extend the trading system, the Group has also collaborated with E-wallet introduced by large local banks to provide more comprehensive payment solutions and services to merchants. With the integration of the online and offline business, the Group has developed “Spiral” which is an online payment platform to continuously strengthen our online business. Spiral supports multiple online payment methods, including credit cards, third-party payment, and Faster Payment System (“**FPS**”), etc., providing customers with more secure and fast payment solutions.

To strengthen our services to enterprises, the Group has adopted Software-as-a-Service (“**SaaS**”) model to provide all-rounded software solutions to efficiently satisfy customers’ needs on integration solutions for different business scenarios. Apart from several pre-set solutions, the Group provides tailor-made software solutions according to the actual needs of individual merchants, so as to help them save the cost of equipment research and development costs, as well as improve operational efficiency.

With an insight into the rapid development of the Greater Bay Area, the Group has actively expanded our business in this strategic region. In order to cooperate with the implementation of “consolidated payment” which was launched by the Monetary Authority of Macau, the Group has provided system development services for an acquirer in Macau which facilitates merchants to use a single terminal for various electronic payment methods.

However, the Group foresees the economic downturn due to the continued outbreak of COVID-19 in Hong Kong in 2021 may have continuing 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 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Interests in the Shares of the Company

Name	Capacity	Note	Long position	
			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 2021, 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 2021, to the knowledge of the Directors, shareholders of the Company (the "Shareholders") (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Note	Long position	
			Number of ordinary Shares	Percentage of total number of issued Shares
LCK	Beneficial Owner	1	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 2021, 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 18 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 18 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 Mr. Tso Ping Cheong Brian (Chairman of the Audit Committee), Dr. Wu Wing Kuen, *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

11 November 2021

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.