

# 2021

## THIRD QUARTERLY REPORT

**EFT Solutions**

Efficient • Flexible • Trustworthy • EFT Solutions

### **EFT Solutions Holdings Limited**

(incorporated in the Cayman Islands with limited liability)

HKEx Stock Code : 8062



## 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Directors

Ms. Lam Ching Man  
Mr. Lui Hin Weng Samuel

### Independent Non-executive Directors

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

## 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)*  
Dr. Wu Wing Kuen *B.B.S.*  
Mr. Wong Ping Yiu

## 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](http://www.eftsolutions.com)

## FINANCIAL HIGHLIGHTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated quarterly results of the Group for the three months and nine months ended 31 December 2021, together with the comparative figures for the corresponding periods in 2020, as follows:

	For the nine months ended		
	31 December		
	2021	2020	
	HK\$ million	HK\$ million	
	(Unaudited)	(Unaudited)	+/(–)
Revenue	81.1	73.7	10.0%
Gross profit	33.0	34.5	(4.3%)
Operating profit	16.8	21.5	(21.9%)
Profit before tax	16.8	21.0	(20.0%)
Profit for the period	13.3	16.3	(18.4%)
Profit attributable to the owners of the Company	13.2	16.2	(18.5%)

## EARNINGS PER SHARE

	For the nine months ended		
	31 December		
	2021	2020	
	HK cents	HK cents	
	(Unaudited)	(Unaudited)	+/(–)
Earnings per share			
– Basic and diluted	2.74	3.38	(18.9%)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 31 December 2021

	Notes	For the three months ended		For the nine months ended	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	4	<b>25,754</b>	26,793	<b>81,075</b>	73,698
Cost of goods sold and services		<b>(14,451)</b>	(13,798)	<b>(48,090)</b>	(39,169)
<b>Gross profit</b>		<b>11,303</b>	12,995	<b>32,985</b>	34,529
Other income		<b>1</b>	462	<b>13</b>	1,064
Other losses		<b>(842)</b>	(2,120)	<b>(2,262)</b>	(2,268)
Administrative expenses		<b>(4,432)</b>	(4,038)	<b>(13,956)</b>	(11,823)
<b>Operating profit</b>		<b>6,030</b>	7,299	<b>16,780</b>	21,502
Finance costs		–	(3)	–	(15)
Share of results of an associate		–	194	–	(497)
<b>Profit before tax</b>		<b>6,030</b>	7,490	<b>16,780</b>	20,990
Income tax expense	5	<b>(1,137)</b>	(1,575)	<b>(3,492)</b>	(4,642)
<b>Profit for the period</b>		<b>4,893</b>	5,915	<b>13,288</b>	16,348
<b>Profit attributable to:</b>					
– Owners of the Company		<b>4,874</b>	5,850	<b>13,150</b>	16,212
– Non-controlling interests		<b>19</b>	65	<b>138</b>	136
		<b>4,893</b>	5,915	<b>13,288</b>	16,348
<b>Earnings per share for the profit attributable to the owners of the Company:</b>	6				
– Basic and diluted (HK cents)		<b>1.02</b>	1.22	<b>2.74</b>	3.38

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2021

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>4,893</b>	5,915	<b>13,288</b>	16,348
<b>Other comprehensive income, net of tax</b>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences arising on translation of the financial statements of foreign subsidiaries	49	281	(224)	1,247
Exchange reserve realised on disposal of subsidiaries	-	-	-	-
Fair value change of financial assets at fair value through other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>4,942</b>	6,196	<b>13,064</b>	17,595
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	4,919	6,115	12,938	17,366
Non-controlling interests	23	81	126	229
	<b>4,942</b>	6,196	<b>13,064</b>	17,595

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 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
			(Note)					
<b>As at 1 April 2021 (Audited)</b>	4,800	53,545	(10,228)	388	65,753	114,258	194	114,452
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	13,150	13,150	138	13,288
<b>Other comprehensive income</b>								
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	(212)	-	(212)	(12)	(224)
Total comprehensive income	-	-	-	(212)	13,150	12,938	126	13,064
Final dividend approved in respect of the previous financial year	-	-	-	-	(4,800)	(4,800)	-	(4,800)
<b>As at 31 December 2021 (Unaudited)</b>	4,800	53,545	(10,228)	176	74,103	122,396	320	122,716

# Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 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 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 1 April 2020 (Audited)</b>	4,800	53,545	(10,228)	(474)	51,805	99,448	(17)	99,431
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	16,212	16,212	136	16,348
<b>Other comprehensive income</b>								
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	1,154	-	1,154	93	1,247
Total comprehensive income	-	-	-	1,154	16,212	17,366	229	17,595
Final dividend approved in respect of the previous financial year	-	-	-	-	(3,000)	(3,000)	-	(3,000)
<b>As at 31 December 2020 (Unaudited)</b>	4,800	53,545	(10,228)	680	65,017	113,814	212	114,026

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.

# NOTES TO THE QUARTERLY FINANCIAL INFORMATION

*For the three months and nine months ended 31 December 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 sales 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 quarterly financial information is Hong Kong dollars ("**HK\$**"), which is the same as the functional currency of the Group.

# Notes to the Quarterly Financial Information

*For the three months and nine months ended 31 December 2021*

## 2. BASIS OF PREPARATION

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

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

The quarterly financial information should be read in conjunction with the consolidated financial statements of the Group incorporated in the annual report for the year ended 31 March 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 quarterly financial information have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## Notes to the Quarterly Financial Information

For the three months and nine months ended 31 December 2021

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

During the nine months ended 31 December 2021 (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.

### 4. REVENUE

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

	For the three months ended		For the nine months ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of EFT-POS terminals and peripheral devices	9,123	11,123	32,119	26,098
Provision of system support and software solution services	16,631	15,670	48,956	47,600
	25,754	26,793	81,075	73,698

## Notes to the Quarterly Financial Information

For the three months and nine months ended 31 December 2021

### 5. INCOME TAX EXPENSE

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax:				
Hong Kong Profits Tax	1,008	1,675	2,715	3,881
Overseas income tax	192	100	585	220
Total current income tax	1,200	1,775	3,300	4,101
Deferred income tax	(63)	(200)	192	541
Total tax charge (credit) for the period	1,137	1,575	3,492	4,642

Hong Kong Profits Tax has been provided for at the rate of 16.5% (for the nine months ended 31 December 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 Quarterly Financial Information

For the three months and nine months ended 31 December 2021

### 6. EARNINGS PER SHARE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Earnings</b>				
Earnings for the purpose of basic and diluted earnings per share	<b>4,874</b>	5,850	<b>13,150</b>	16,212
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>'000</b>	'000	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>480,000</b>	480,000	<b>480,000</b>	480,000

## Notes to the Quarterly Financial Information

For the three months and nine months ended 31 December 2021

### 7. RELATED PARTY TRANSACTIONS

During the three months and nine months ended 31 December 2020 and 2021, the Group entered into the following transactions with related parties:

Name of related party	Nature of Transactions	For the three months ended		For the nine months ended	
		31 December		31 December	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Affinity Corporation Limited (Note 1)	Repayment of lease liabilities/rental expense paid	84	84	252	252
EFT Payments (Asia) Limited ("EFT Payments") (Note 1)	Sales of EFT-POS terminals and peripheral devices (Note 2)	2,093	2,037	10,210	7,679
	Provision of EFT-POS system support services	2,067	2,306	5,546	7,176
	Acquisition of fixed asset	13	-	13	-
	Disposal of fixed asset	-	-	6	93
Mr. Lo	Repayment of lease liabilities/rental expense paid	313	358	959	882
Ms. Lam Ching Man (Note 3)	Repayment of lease liabilities/rental expense paid	81	81	243	243
Mr. Lo Chun Wa (Note 4)	Repayment of lease liabilities/rental expense paid	-	45	20	135

Note 1: Mr. Lo is the ultimate shareholder of Affinity Corporation Limited, 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: Ms. Lam Ching Man ("Ms. Lam") is a non-executive Director and the spouse of Mr. Lo.

Note 4: Mr. Lo Chun Wa is an executive Director and the brother of Mr. Lo.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

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.

# Management Discussion and Analysis

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.

## Quarterly Dividend

The Board does not recommend payment of dividend for the Reporting Period (for the nine months ended 31 December 2020: HK2.0 cents per share).

## FINANCIAL REVIEW

### Overview

During the Reporting Period, the Group recorded revenue of approximately HK\$81.1 million which represented an increase of approximately 10.0% as compared with approximately HK\$73.7 million in the corresponding period in 2020.

The Group recorded profit for the Reporting Period of approximately HK\$13.3 million, which represented a decrease of approximately 18.4% on a period-to-period basis. It was mainly due to the increase in cost of sales and administrative expenses.

### Revenue

For sales of EFT-POS terminals and peripheral devices, revenue of approximately HK\$32.1 million was recognised for Reporting Period which represented an increase of approximately 23.0% as compared to HK\$26.1 million in the corresponding period in 2020 due to increase in number of EFT-POS terminals sold.

For provision of system support and software solution services, revenue of approximately HK\$49.0 million was recognised for the Reporting Period which represented an increase of approximately 2.9% as compared to HK\$47.6 million in the corresponding period in 2020 due to the increase of the system support for the EFT-POS terminals.

# Management Discussion and Analysis

## 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 during the Reporting Period was HK\$48.1 million (for the nine months ended 31 December 2020: HK\$39.2 million), which represented an increase of approximately 22.7% 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.

## Gross Profit and Gross Profit Margin

The overall gross profit for the Reporting Period was approximately HK\$33.0 million (for the nine months ended 31 December 2020: HK\$34.5 million) which represented a decrease of approximately 4.3%. The overall gross profit margin for the Reporting Period was about 40.7% (for the nine months ended 31 December 2020: 46.8%), which represented a decrease of approximately 6.1%. Such decrease of gross profit was due to the absence of the subsidy from the Hong Kong Government's employment support scheme and selling the EFT-POS terminals and peripheral devices with relatively lower profit margin to customer as compared to that in the corresponding period in 2020.

## Other Income

Other income mainly represented delivery income charged back to customers and bank interest income and net exchange gains. Other income for the nine months ended 31 December 2020 and 2021 was approximately HK\$1.1 million and HK\$0.01 million, respectively, the decrease mainly due to the absence of net exchange gain in Reporting Period.

## Other Losses

Other losses mainly represented the movement of allowance for credit losses and the net exchange loss. Other losses of approximately HK\$2.3 million were recorded for the Reporting Period (for the nine months ended 31 December 2020: HK\$2.3 million).

## Staff Costs

Staff costs of approximately HK\$17.9 million were recorded for the Reporting Period (for the nine months ended 31 December 2020: HK\$13.1 million) which represented an increase of approximately 36.6%. The increase was mainly due to the absent of the Hong Kong Government's employment support scheme subsidy in the Reporting Period.

# Management Discussion and Analysis

## 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\$8.7 million (for the nine months ended 31 December 2020: HK\$7.7 million), which represented an increase of approximately 13.0% as a result of the increase in the legal and professional fee related to the one-off compliance work for the acquisition of subsidiaries in Reporting Period.

## Finance Costs

Finance costs mainly represented interest expenses on bank borrowings. Finance costs for the Reporting Period was nil (for the nine months ended 31 December 2020: HK\$0.01 million). The decrease is mainly due to the absence of bank borrowings and lease liabilities in Reporting Period.

## Profit for the Period

For the Reporting Period, the Group recorded profit of approximately HK\$13.3 million (for the nine months ended 31 December 2020: HK\$16.3 million). This was mainly due to the decrease of gross profit and increase of 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 31 December 2021, the Group had net current assets of approximately HK\$79.2 million (as at 31 March 2021: approximately HK\$88.2 million) including cash and bank balances of approximately HK\$41.0 million (as at 31 March 2021: approximately HK\$54.8 million).

As at 31 December 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 31 December 2021, the Group did not have any pledged assets (as at 31 March 2021: nil).

# Management Discussion and Analysis

## **Capital Commitments, Capital Expenditures and Contingent Liabilities**

As at 31 December 2021, the Group did not have any significant capital commitments (as at 31 March 2021: nil).

As at 31 December 2021, the Group did not have any significant capital expenditures (as at 31 March 2021: nil).

As at 31 December 2021, the Group did not have any significant contingent liabilities (as at 31 March 2021: nil).

## **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 the date of this report.

## **Dividend**

The Board of Directors does not recommend payment of dividend for the Reporting Period (for the nine months ended 31 December 2020: HK2.0 cents per share).

# 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 31 December 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	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.

## Disclosure of Interests and Other Information

Save as disclosed above, as at 31 December 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.

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

As at 31 December 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 31 December 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

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

Save as disclosed above in 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

Save as disclosed in Note 7 to the quarterly financial information in this report, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period under review.

## Disclosure of Interests and Other Information

### CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in Note 7 to the quarterly financial information in this report, for the Reporting Period, there had been no contract of significance between the Company or any of its 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.

### COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

## Disclosure of Interests and Other Information

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.

### 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 unaudited condensed consolidated quarterly results of the Group for the Reporting Period have not been audited.

## Disclosure of Interests and Other Information

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

By order of the Board

### **EFT Solutions Holdings Limited**

#### **Lo Chun Kit Andrew**

*Chairman and Chief Executive Officer*

10 February 2022

*As at the date of this report, the executive Directors are Mr. Lo Chun Kit Andrew and Mr. Lo Chun Wa; the non-executive Directors are Ms. Lam Ching Man and Mr. Lui Hin Weng Samuel; and the independent non-executive Directors are 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](http://www.hkexnews.hk) and the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Listed Company Information" 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](http://www.eftsolutions.com).*