

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

Third Quarterly Report 2020



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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

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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

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

STOCK CODE

8062

COMPANY WEBSITE

www.eftsolutions.com

FINANCIAL HIGHLIGHTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated quarterly results of the Group for the three months and nine months ended 31 December 2020, together with the comparative figures for the corresponding periods in 2019, as follows:

	For the nine months ended		
	31 December		
	2020	2019	
	HK\$ million	HK\$ million	
	(Unaudited)	(Unaudited)	+ / (-)
Revenue	73.7	91.3	(19.3%)
Gross profit	34.5	39.0	(11.5%)
Operating profit	21.5	17.8	20.8%
Profit before tax	21.0	9.0	133.3%
Profit for the period	16.3	5.4	201.9%
Profit attributable to the owners of the Company	16.2	5.5	194.5%

EARNINGS PER SHARE

	For the nine months ended		
	31 December		
	2020	2019	
	HK cents	HK cents	
	(Unaudited)	(Unaudited)	+ / (-)
Earnings per share			
– Basic and diluted	3.38	1.15	193.9%

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 31 December 2020

	Notes	For the three months ended		For the nine months ended	
		31 December	31 December	31 December	31 December
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	26,793	27,937	73,698	91,307
Cost of goods sold and services		(13,798)	(16,737)	(39,169)	(52,341)
Gross profit		12,995	11,200	34,529	38,966
Other income		462	43	1,064	477
Other losses		(2,120)	(5,766)	(2,268)	(6,156)
Administrative expenses		(4,038)	(4,201)	(11,823)	(15,503)
Operating profit		7,299	1,276	21,502	17,784
Finance costs		(3)	(2,181)	(15)	(7,534)
Share of results of an associate		194	(534)	(497)	(1,269)
Profit (loss) before tax		7,490	(1,439)	20,990	8,981
Income tax expense	5	(1,575)	(966)	(4,642)	(3,606)
Profit (loss) for the period		5,915	(2,405)	16,348	5,375
Profit (loss) attributable to:					
– Owners of the Company		5,850	(2,389)	16,212	5,537
– Non-controlling interests		65	(16)	136	(162)
		5,915	(2,405)	16,348	5,375
Earnings (loss) per share for the profit attributable to the owners of the Company:	6				
– Basic and diluted (HK cents)		1.22	(0.50)	3.38	1.15

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2020

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) for the period	5,915	(2,405)	16,348	5,375
Other comprehensive income (loss), net of tax				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences arising on translation of the financial statements of foreign subsidiaries	281	36	1,247	(7)
Exchange reserve realised on disposal of subsidiaries	-	77	-	77
Fair value change of financial assets at fair value through other comprehensive income	-	-	-	600
Total comprehensive income (loss) for the period	6,196	(2,292)	17,595	6,045
Total comprehensive income (loss) attributable to:				
Owners of the Company	6,115	(2,277)	17,366	6,192
Non-controlling interests	81	(15)	229	(147)
	6,196	(2,292)	17,595	6,045

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Attributable to the owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Exchange reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2020 (audited)	4,800	53,545	(10,228)	(474)	51,805	99,448	(17)	99,431
Comprehensive income								
Profit for the period	-	-	-	-	16,212	16,212	136	16,348
Other comprehensive income								
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)
As at 31 December 2020 (unaudited)	4,800	53,545	(10,228)	680	65,017	113,814	212	114,026

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2020

	Attributable to the owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	FVTOCI reserve	Exchange reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2019 (audited)	4,800	53,545	(10,228)	(700)	43	47,660	95,120	13,233	108,353
Comprehensive income									
Profit for the period	-	-	-	-	-	5,537	5,537	(162)	5,375
Other comprehensive income									
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	55	-	55	15	70
Fair value change of financial assets at fair value through others comprehensive income	-	-	-	600	-	-	600	-	600
Disposal of subsidiaries	-	-	-	-	(77)	77	-	-	-
Total comprehensive income	-	-	-	600	(22)	5,614	6,192	(147)	6,045
Disposal of subsidiaries	-	-	-	-	-	-	-	(13,116)	(13,116)
As at 31 December 2019 (unaudited)	4,800	53,545	(10,228)	(100)	21	53,274	101,312	(30)	101,282

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 2020

1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 26 May 2016. Its registered office is located at Ocorian Trust (Cayman) Limited, 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 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 2020

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 2020 (the “**2020 Annual Report**”). The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the 2020 Annual Report.

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

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

During the Reporting Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“**HKSAs**”), and Interpretations.

There has been no significant change to the accounting policy applied in these unaudited condensed consolidated financial statements for the Reporting Period presented as a result of adoption of these amendments.

Notes to the Quarterly Financial Information

For the three months and nine months ended 31 December 2020

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	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sourcing of EFT-POS terminals and peripheral devices	11,123	8,761	26,098	30,013
Provision of system support and software solution services	15,670	19,176	47,600	61,294
	26,793	27,937	73,698	91,307

5. INCOME TAX EXPENSE

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax:				
Hong Kong Profits Tax	1,675	1,016	3,881	3,818
Overseas income tax	100	(50)	220	14
Total current income tax	1,775	966	4,101	3,832
Deferred income tax	(200)	–	541	(226)
Total tax charge (credit) for the period	1,575	966	4,642	3,606

Notes to the Quarterly Financial Information

For the three months and nine months ended 31 December 2020

Hong Kong Profits Tax has been provided for at the rate of 16.5% (for the nine months ended 31 December 2019: 16.5%) on the estimated assessable profits for the Reporting Period.

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

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

6. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) 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	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings (loss)				
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share	5,850	(2,389)	16,212	5,537
	2020	2019	2020	2019
	'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 (loss) per share	480,000	480,000	480,000	480,000

Notes to the Quarterly Financial Information

For the three months and nine months ended 31 December 2020

7. RELATED PARTY TRANSACTIONS

During the three months and nine months ended 31 December 2019 and 2020, 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	
		2020	2019	2020	2019
		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)	2,037	2,506	7,679	8,136
	Provision of EFT-POS system support services	2,306	2,101	7,176	3,700
	Disposal of fixed asset	-	31	93	75
LV Capital Limited (Note 3)	Consultancy expense paid	-	114	-	285
Mr. Lo	Repayment of lease liabilities/rental expense paid	358	243	882	729
Ms. Lam Ching Man (Note 4)	Repayment of lease liabilities/rental expense paid	81	81	243	243
Mr. Lo Chun Wa (Note 5)	Repayment of lease liabilities/rental expense paid	45	45	135	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: Mr. Lui Hin Weng Samuel, the non-executive director of the Company, is the director of LV Capital Limited.

Note 4: Ms. Lam Ching Man ("Ms. Lam") is a non-executive Director and the spouse of Mr. Lo.

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

Notes to the Quarterly Financial Information

For the three months and nine months ended 31 December 2020

8. EVENTS AFTER REPORTING DATE

On 29 January 2021 (after trading hours), the Group entered into a sale and purchase agreement, pursuant to which the Group agreed to sell its 18.3% equity interest of Open Sparkz Pty Ltd (“**Open Sparkz**”) to the other shareholder who holds 20.6% equity interest of Open Sparkz at a total consideration of AUD2,707,162.50 (equivalent to approximately HK\$16,242,975). Upon completion on 2 February 2021, the Group ceased to hold any interest in the Open Sparkz, and Open Sparkz ceased to be an associate of the Group. Further details of this transaction are set out in the Company’s announcements dated 29 January 2021 and 4 February 2021 respectively.

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 sourcing of EFT-POS terminals and peripheral devices, the 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 sourcing of EFT-POS terminals and peripheral devices services, as well as the development of software that comply with electronic payment standards acceptance certification, installation and ongoing maintenance and repair services of EFT-POS terminals.

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

During the period ended 31 December 2020, the Group continued its efforts in developing the sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services and software solution services.

We expect there are ample opportunities for growth in EFT-POS terminals and peripheral devices and provision of EFT-POS system support services and software solution services under the rapid development on the digital payment market, especially the popularity of the QR code payment, Faster Payment System (“FPS”) and e-wallet payment system.

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

However, the Group foresees the economic downturn due to the global outbreak of COVID-19 may have negative impact to our performance due to the possible decrease in the sales of EFT-POS terminals and peripheral devices and the number of EFT-POS terminals covered by our system support services in Hong Kong. We will closely monitor the conditions and the development of COVID-19 pandemic in Hong Kong and keep our Shareholders informed of material developments.

Management Discussion and Analysis

Quarterly Dividend

The Board declared a dividend of HK2.00 cents for the Reporting Period (for the nine months ended 31 December 2019: Nil) per share. The total dividend payable to the shareholders of the Company is HK\$9.6 million.

FINANCIAL REVIEW

Overview

During the Reporting Period, the Group recorded revenue of approximately HK\$73.7 million which represented a decrease of approximately 19.3% as compared with approximately HK\$91.3 million in the corresponding period in 2019.

The Group recorded profit for the Reporting Period of approximately HK\$16.3 million, which represented a significant increase of approximately 201.9% on a period-to-period basis. It was mainly due to the significant decrease in other losses and administrative expenses as some items of expenses were no longer incurred or were considerably reduced during the Reporting Period such as the loss on disposal of subsidiaries and legal and professional fee for disposal of subsidiaries incurred during the nine months ended 31 December 2019 respectively.

Revenue

For sourcing of EFT-POS terminals and peripheral devices, revenue of approximately HK\$26.1 million was recognised for Reporting Period which represented a decrease of approximately 13% as compared to HK\$30.0 million in the corresponding period in 2019 due to decrease in quantity and unit price of EFT-POS terminals sold.

For provision of system support and software solution services, revenue of approximately HK\$47.6 million was recognised for the Reporting Period which represented a decrease of approximately 22.3% as compared to HK\$61.3 million in the corresponding period in 2019 due to the termination of provision of POS software solution services since January 2020.

Costs of Goods Sold and Services

Costs of goods sold and services primarily consisted of costs of inventories recognised as expense, cost of independent service providers, tools and consumables, salaries and benefits, freight and transportation, rent, local travelling and telephone and utilities expense. Costs of goods sold and services during the Reporting Period was HK\$39.2 million (for the nine months ended 31 December 2019: HK\$52.3 million), which represented a decrease of approximately 25.0% on a period-to-period basis due to decrease in costs of inventories sold in line with a decrease of demand for EFT-POS terminals and peripheral devices and the termination provision of POS software solution services.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

The overall gross profit for the Reporting Period was approximately HK\$34.5 million (for the nine months ended 31 December 2019: HK\$39.0 million) which represented a decrease of approximately 11.5%. The overall gross profit margin for the Reporting Period was about 46.8% (for the nine months ended 31 December 2019: 42.7%), which represented an increase of about 4.1%. Such increase of gross profit was due to increase of profit margin in the provision of software solution services in the Reporting Period and decrease of overall staff cost as compared to that in the corresponding period in 2019.

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 2019 and 2020 was approximately HK\$0.5 million and HK\$1.1 million, respectively, the increase mainly due to the increase of net exchange gain arising from Australian dollars.

Other Losses

Other losses mainly represented the movement of allowance for credit losses and the loss on disposal of subsidiary. Other losses of approximately HK\$2.3 million were recorded for the Reporting Period (for the nine months ended 31 December 2019: HK\$6.2 million). The decrease in other losses were mainly due to the one-off loss on disposal of subsidiaries in 2019.

Staff Costs

Staff costs of approximately HK\$13.1 million were recorded for the Reporting Period (for the nine months ended 31 December 2019: HK\$17.0 million) which represented a decrease of approximately 22.9%. The decrease was mainly due to the combined effect of the Hong Kong Government's employment support scheme subsidy and increase of staff headcount 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\$7.7 million (for the nine months ended 31 December 2019: HK\$12.0 million), which represented a decrease of approximately 35.8% as a result of the decrease in the legal and professional fee related to the one-off compliance work for the disposal of subsidiaries in corresponding period in 2019.

Management Discussion and Analysis

Finance Costs

Finance costs mainly represented imputed interest expenses on promissory note and interest expenses on bank borrowings. Finance costs for the Reporting Period was approximately HK\$0.01 million (for the nine months ended 31 December 2019: HK\$7.5 million). The decrease is mainly due to the absence of interest expenses on promissory notes as the promissory notes had been waived after disposal of subsidiaries in December 2019.

Profit for the Period

For the Reporting Period, the Group recorded profit of approximately HK\$16.3 million (for the nine months ended 31 December 2019: HK\$5.4 million). This was mainly due to the decrease in the finance costs from promissory notes, the absence of the loss of disposal of the subsidiaries and the decrease of administrative expenses, partially off-set by the decrease of gross profit.

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 2020, the Group had net current assets of approximately HK\$101.6 million (as at 31 March 2020: approximately HK\$84.8 million) including cash and bank balances of approximately HK\$54.4 million (as at 31 March 2020: approximately HK\$34.8 million).

As at 31 December 2020, 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 2020: approximately 0.1%). Such decrease was mainly due to all bank borrowing has been fully repaid in April 2020.

Pledge of Assets

As at 31 December 2020, the Group did not have any pledged assets (as at 31 March 2020: nil).

Capital Commitments, Capital Expenditures and Contingent Liabilities

As at 31 December 2020, the Group did not have any significant capital commitments (as at 31 March 2020: nil).

As at 31 December 2020, the Group did not have any significant capital expenditures (as at 31 March 2020: nil).

As at 31 December 2020, the Group did not have any significant contingent liabilities (as at 31 March 2020: nil).

Management Discussion and Analysis

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

The Group did not have any significant investments, material acquisitions and disposal of subsidiaries and capital assets during the Reporting Period and up to the date of 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 has declared a dividend of HK2.0 cents for the Reporting Period (for the nine months ended 31 December 2019: Nil) per share. The total amount payable to the shareholders of the Company, whose names appear on the register of members on 9 March 2021 is HK\$9.6 million. The dividend will be paid on 19 March 2021. The Group currently does not have a formal dividend policy or a fixed dividend distribution ratio. Dividends may be paid out by way of cash or by other means that the Directors consider appropriate. Declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to the Shareholders' approval.

No other dividend was declared for the nine months ended 31 December 2020.

Closure of members register

For the purpose of determining shareholders who are qualified for the dividend. The Register of Members of the Company will be closed from Friday, 5 March 2021 to Tuesday, 9 March 2021, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the dividend for the nine months ended 31 December 2020, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 4 March 2021.

Disposal of an associate

On 29 January 2021 (after trading hours), the Group entered into a sale and purchase agreement, pursuant to which the Group agreed to sell its 18.3% equity interest of Open Sparkz Pty Ltd ("Open Sparkz") to the other shareholder who holds 20.6% equity interest of Open Sparkz at a total consideration of AUD2,707,162.50 (equivalent to approximately HK\$16,242,975). Upon completion on 2 February 2021, the Group ceased to hold any interest in the Open Sparkz, and Open Sparkz ceased to be an associate of the Group. Further details of this transaction are set out in the Company's announcements dated 29 January 2021 and 4 February 2021 respectively.

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

Interests in the Shares of the Company

Name	Capacity	Notes	Long position	
			Total interests in ordinary Shares	Percentage of total number of issued Shares
Mr. Lo	Interest in a controlled corporation	1	348,455,000	72.59%
	Beneficial owner	1	2,760,000	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 346,260,000 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 2020, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2020, to the knowledge of the Directors, shareholders of the Company (the "Shareholders") (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

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

Disclosure of Interests and Other Information

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

9 February 2021

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 and the GEM website at 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.