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EFT Solutions Holdings Limited
俊盟國際控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8062)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

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

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

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

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The board of Directors of the Company (the “**Board**”) is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2024, together with the comparative figures for the year ended 31 March 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	127,749	111,347
Cost of sales		<u>(65,523)</u>	<u>(64,540)</u>
Gross profit		62,226	46,807
Other income	6	2,416	2,099
Other losses		(365)	(1,508)
Selling and administrative expenses		<u>(26,507)</u>	<u>(24,056)</u>
Profit from operations		37,770	23,342
Finance costs	7	<u>(39)</u>	<u>(12)</u>
Profit before tax		37,731	23,330
Income tax expense	8	<u>(6,155)</u>	<u>(3,714)</u>
Profit for the year	9	<u>31,576</u>	<u>19,616</u>
Profit for the year attributable to:			
Equity shareholders of the Company		31,231	19,304
Non-controlling interests		<u>345</u>	<u>312</u>
		<u>31,576</u>	<u>19,616</u>
Earnings per share			
– Basic and diluted (<i>HK cents</i>)	11	<u>6.51</u>	<u>4.02</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>31,576</u>	<u>19,616</u>
Other comprehensive income		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of financial statements of operations outside Hong Kong	<u>356</u>	<u>(599)</u>
Other comprehensive income for the year	<u>356</u>	<u>(599)</u>
Total comprehensive income for the year	<u><u>31,932</u></u>	<u><u>19,017</u></u>
Total comprehensive income attributable to:		
Equity shareholders of the Company	<u>31,500</u>	18,759
Non-controlling interests	<u>432</u>	<u>258</u>
	<u><u>31,932</u></u>	<u><u>19,017</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		10,687	12,159
Right-of-use assets		6,659	7,108
Intangible assets		1,679	3,626
Goodwill		10,578	10,578
Deposits and prepayment	12	350	1,032
Deferred tax assets		266	–
		30,219	34,503
CURRENT ASSETS			
Inventories		3,912	5,512
Trade and other receivables	12	60,798	31,974
Prepaid tax		–	194
Cash and cash equivalents		62,525	73,120
		127,235	110,800
CURRENT LIABILITIES			
Trade and other payables	13	11,444	14,653
Lease liabilities		27	151
Tax payables		3,498	4,723
		14,969	19,527
NET CURRENT ASSETS		112,266	91,273
TOTAL ASSETS LESS CURRENT LIABILITIES		142,485	125,776

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	–	27
Deferred tax liabilities	–	796
	–	823
NET ASSETS	142,485	124,953
CAPITAL AND RESERVES		
Share capital	4,800	4,800
Reserves	136,535	119,435
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		
	141,335	124,235
Non-controlling interests	1,150	718
TOTAL EQUITY	142,485	124,953

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to equity shareholders of the Company					Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note a)	Exchange reserve HK\$'000 (Note b)	Retained earnings HK\$'000			
As at 1 April 2022	4,800	53,545	(10,228)	372	71,387	119,876	460	120,336
Profit for the year	-	-	-	-	19,304	19,304	312	19,616
Other comprehensive income								
Exchange differences arising on translation of financial statements of operation outside Hong Kong	-	-	-	(545)	-	(545)	(54)	(599)
Total comprehensive income for the year	-	-	-	(545)	19,304	18,759	258	19,017
Dividends approved in respect of the previous year	-	-	-	-	(9,600)	(9,600)	-	(9,600)
Dividends approved in respect of the current year	-	-	-	-	(4,800)	(4,800)	-	(4,800)
As at 31 March 2023	4,800	53,545	(10,228)	(173)	76,291	124,235	718	124,953
As at 1 April 2023	4,800	53,545	(10,228)	(173)	76,291	124,235	718	124,953
Profit for the year	-	-	-	-	31,231	31,231	345	31,576
Other comprehensive income								
Exchange differences arising on translation of financial statements of operations outside Hong Kong	-	-	-	269	-	269	87	356
Total comprehensive income for the year	-	-	-	269	31,231	31,500	432	31,932
Dividends approved in respect of the previous year (Note 10)	-	-	-	-	(9,600)	(9,600)	-	(9,600)
Dividends approved in respect of the current year (Note 10)	-	-	-	-	(4,800)	(4,800)	-	(4,800)
As at 31 March 2024	4,800	53,545	(10,228)	96	93,122	141,335	1,150	142,485

Notes:

- (a) Special reserve represents the difference between the entire issued 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 (“**EFT Solutions International**”), 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.
- (b) Exchange differences relating to the translation of the net assets of the Group’s operations outside Hong Kong from their functional currencies to the Group’s presentation currency are recognised directly in other comprehensive income and accumulated in the exchange reserve. Exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of the operations outside Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

EFT Solutions Holdings Limited (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, 11/F, Yip Fung Industrial Building, 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong.

The Company’s shares were listed on GEM of The Stock Exchange of Hong Kong Limited (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 solutions services and embedded system solution services. Its parent and ultimate holding company is LCK Group Limited (“**LCK**”), a private company incorporated in British Virgin Islands (the “**BVI**”). Its ultimate controlling party is Mr. Lo Chun Kit, Andrew (“**Mr. Lo**” or the “**Controlling Shareholder**”).

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group’s financial statements for the year ended 31 March 2024 but are extracted from those financial statements.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current accounting period reflected in these financial statements.

The consolidated financial statements for the year ended 31 March 2024 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

The measurement basis used in the preparation of the financial statements is the historical cost basis.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new and amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee's service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date. In July 2023, the HKICPA published Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. This change in accounting policy did not have any material impact on the opening balance of equity at 1 April 2022 and 2023, and the cash flows and earnings per share amounts for the year ended 31 March 2023. It also did not have a material impact on the company-level statement of financial position as at 31 March 2023 and 2024.

4. REVENUE

Disaggregation of revenue from contracts with customers for the year

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of EFT-POS terminals and peripheral devices	40,044	42,225
Provision of system support and software solution services	87,705	69,122
	127,749	111,347
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Timing of revenue recognition:		
At a point in time	40,044	42,225
Over time	87,705	69,122
	127,749	111,347

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contract for sales of EFT-POS terminals and peripheral devices and provision of system support and software solution services such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of EFT-POS terminals and peripheral devices or provision of system support and software solution services that had an original expected duration of one year or less or the Group recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16 of HKFRS 15.

5. SEGMENT INFORMATION

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

Specifically, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

During the year ended 31 March 2024, management changed the compositions of the segments in view of more diversified businesses the Group currently operates. The comparative information is also restated to conform with the current period's presentation.

Segment information about these reportable segments and respective reconciliations of segment profit or loss are presented below:

Year ended 31 March 2024

	Sales of hardware devices <i>HK\$'000</i>	System support and software solution services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue – external customers	<u>40,044</u>	<u>87,705</u>	<u>127,749</u>
Segment results	<u>20,848</u>	<u>40,003</u>	60,851
Other income			2,408
Finance costs			(39)
Unallocated expenses			<u>(25,489)</u>
Consolidated profit before tax			<u>37,731</u>

Year ended 31 March 2023

	Sales of hardware devices <i>HK\$'000</i> (Restated)	System support and software solution services <i>HK\$'000</i> (Restated)	Consolidated <i>HK\$'000</i> (Restated)
Segment revenue – external customers	<u>42,225</u>	<u>69,122</u>	<u>111,347</u>
Segment results	<u>20,527</u>	<u>24,978</u>	45,505
Other income			2,022
Finance costs			(12)
Unallocated expenses			<u>(24,185)</u>
Consolidated profit before tax			<u>23,330</u>

There is no inter-segment sales for both years.

Segment results represent the profit earned by each segment without allocation of certain other income, finance costs, 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.

Segment assets and liabilities

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Segment assets		
Sales of hardware devices	23,306	11,678
System support and software solution services	47,890	36,841
Total segment assets	71,196	48,519
Unallocated assets	86,258	96,784
Consolidated total assets	<u>157,454</u>	<u>145,303</u>
Segment liabilities		
Sales of hardware devices	3,098	3,981
System support and software solution services	5,774	7,214
Total segment liabilities	8,872	11,195
Unallocated liabilities	6,097	9,155
Consolidated total liabilities	<u>14,969</u>	<u>20,350</u>

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

- all assets are allocated to reportable segments other than property, plant and equipment, right-of-use assets, certain deposits and prepayment, prepaid tax and other corporate assets.
- all liabilities are allocated to reportable segments other than certain other payables and accrued expenses, lease liabilities, tax payables and deferred tax liabilities.

Other segment information

Year ended 31 March 2024

	Sale of hardware devices <i>HK\$'000</i>	System support and software solution services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>				
Impairment loss of trade receivables, net of reversal	(61)	(490)	–	(551)
Reversal of write-down of inventories, net	(551)	–	–	(551)
Amortisation of intangible assets	–	1,931	–	1,931
<i>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:</i>				
Depreciation of property, plant and equipment	–	–	6,453	6,453
Depreciation of right-of-use assets	–	–	449	449
Additions to non-current assets (<i>Note</i>)	–	–	4,981	4,981
	<u>–</u>	<u>–</u>	<u>4,981</u>	<u>4,981</u>

Year ended 31 March 2023

	Sale of hardware devices <i>HK\$'000</i> (Restated)	System support and software solution services <i>HK\$'000</i> (Restated)	Unallocated <i>HK\$'000</i> (Restated)	Consolidated <i>HK\$'000</i> (Restated)
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>				
Impairment loss of trade receivables, net of reversal	(38)	855	–	817
Written-off of obsolete inventories, net of reversal	1,074	–	–	1,074
Amortisation of intangible assets	–	2,197	–	2,197
<i>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:</i>				
Depreciation of property, plant and equipment	–	–	5,575	5,575
Depreciation of right-of-use assets	–	–	425	425
Additions to non-current assets (<i>Note</i>)	–	–	3,025	3,025
	<u>–</u>	<u>–</u>	<u>3,025</u>	<u>3,025</u>

Note: Non-current assets include property, plant and equipment, right-of-use asset and intangible assets.

Geographical information

Non-current assets by geographical location

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong (place of domicile)	17,623	22,281
Macau	11,469	10,430
Australia	511	760
	<u>29,603</u>	<u>33,471</u>

Note: Non-currents assets excluded deposits and prepayment paid.

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong (place of domicile)	111,067	85,909
Macau	6,564	6,844
Australia	7,070	16,482
Others	3,048	2,112
	<u>127,749</u>	<u>111,347</u>

Information about major customers

Revenue from customers that individually contributed over 10% of the total revenue of the Group during the year are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A from sales of hardware devices and system support and software solution services segments	16,551	15,037
Customer B from system support and software solution services segment	12,615	13,359
Customer C from sales of hardware devices and support and software solution services segments (<i>Note i</i>)	N/A	11,953

Notes:

- i. Revenue derived from Customer C did not contribute over 10% of revenue during the year ended 31 March 2024.

Except for disclosed above, there are no other customers contributed for 10% or more of the Group's total revenue during the years ended 31 March 2024 and 2023.

6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	1,847	459
Income from delivery cost recharged to customers	8	77
Government grants	–	1,480
Reversal of impairment loss on trade receivables	551	–
Others	10	83
	<u>2,416</u>	<u>2,099</u>

During the year ended 31 March 2023, the Group recognised government grants of HK\$1,480,000 in respect of Covid-19-related subsidies which relates to Employment Support Scheme provided by Hong Kong Government as a support. There were no unfulfilled conditions or contingencies relating to these government grants.

7. OTHER LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net exchange losses	365	691
Impairment loss on trade receivables, net	–	817
	<u>365</u>	<u>1,508</u>

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	6,497	4,070
Overseas income tax	491	655
Under/(over)-provision in respect of prior years:		
Hong Kong Profits Tax	204	(933)
Overseas income tax	25	10
	<u>7,217</u>	<u>3,803</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>(1,062)</u>	<u>(88)</u>
Total income tax expense for the year	<u>6,155</u>	<u>3,714</u>

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

The provision for Hong Kong Profits Tax for 2024 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2023/24 subject to a maximum reduction of HK\$3,000 for each business (2023: a maximum reduction of HK\$6,000 was granted for the year of assessment 2022/23 and was taken into account in calculating the provision for 2023).

Taxes on overseas profits in Australia and Macau have been calculated at the prevailing tax rates of 25% (2023: 25%) and 12% (2023: 12%) respectively based on existing legislation in respect thereof.

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit before tax	<u>37,731</u>	<u>23,330</u>
Notional tax on profit before taxation, calculated at the prevailing tax rates applicable to profit in the jurisdiction concerned	6,212	3,820
Tax effect of non-taxable income	(3,500)	(597)
Tax effect of non-deductible expenses	529	606
Tax effect of temporary difference not recognised	2,692	813
Under-provision/(over-provision) in respect of prior years	225	(922)
Statutory tax concession	<u>(3)</u>	<u>(6)</u>
Income tax expense for the year	<u><u>6,155</u></u>	<u><u>3,714</u></u>

9. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Directors' remuneration		
– salaries and allowances	2,078	2,483
– discretionary bonus	320	567
– retirement benefits scheme contribution	23	36
Other staff costs		
– salaries and allowances (<i>Note</i>)	20,770	18,281
– discretionary bonus	2,886	2,660
– retirement benefits scheme contribution	1,245	718
– long service payment expenses	<u>1,353</u>	<u>–</u>
Total employee benefits expenses (including directors' emoluments)	<u>28,675</u>	<u>24,745</u>
Auditor's remuneration	868	600
Depreciation of property, plant and equipment	6,453	5,575
Depreciation of right-of-use assets	449	425
Amortisation of intangible assets	1,931	2,197
Expense relating to short-term leases	2,880	2,524
Cost of inventories	<u>19,110</u>	<u>22,556</u>

Note: Staff cost of approximately HK\$17,054,701 (2023: HK\$16,260,809) were included in the cost of sales for the year ended 31 March 2024.

10. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Dividends recognised as distribution during the year		
Final dividend proposed after the end of the reporting period of HK2.00 cents per ordinary share (2023: HK2.00 cents per ordinary share)	9,600	9,600
Interim dividend declared and paid of HK1.00 cent per ordinary share (2023: HK1.00 cent per ordinary share)	<u>4,800</u>	<u>4,800</u>
	<u>14,400</u>	<u>14,400</u>

Subsequent to the end of the reporting period, a final dividend of HK2.00 cents (2023: HK2.00 cents) per share, in respect of the year ended 31 March 2024 has been proposed by the directors and are subject to approval by the shareholders at the forthcoming annual general meeting.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share	<u>31,231</u>	<u>19,304</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>480,000</u>	<u>480,000</u>

The diluted earnings per share for the years ended 31 March 2024 and 2023 were the same as basic earnings per share as there were no potential outstanding shares for both years.

12. TRADE AND OTHER RECEIVABLES AND DEPOSITS AND PREPAYMENT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current assets		
Trade receivables from contracts with customers	57,841	31,990
Less: allowance for credit losses	<u>(2,577)</u>	<u>(3,143)</u>
	55,264	28,847
Contract assets	–	328
Prepayment, deposits and other receivables	5,339	2,604
Rental deposits paid to the Lo's family and Mr. Lo Chun Wa (Note a)	<u>195</u>	<u>195</u>
Total	<u><u>60,798</u></u>	<u><u>31,974</u></u>
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets		
Rental deposits	–	50
Prepayment for purchase of property, plant and equipment	<u>350</u>	<u>982</u>
Total	<u><u>350</u></u>	<u><u>1,032</u></u>

Note:

- (a) The properties owned by Mr. Lo and his spouse, Ms. Lam Ching Man (“**Ms. Lam**”, collectively referred to as the “**Lo’s Family**”) and Mr. Lo Chun Wa are used as the office premises of the Group in Hong Kong.

Apart from the prepayment paid for purchase of property, plant and equipment of HK\$350,000, all of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group in general allows credit periods of 30 days to 45 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, while a longer credit period is granted to key customers based on individual credit evaluation performed.

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	14,798	6,648
31–60 days	12,455	7,694
61–90 days	722	2,437
91–180 days	9,182	4,553
181–365 days	12,363	7,234
Over 365 days	5,744	281
	<u>55,264</u>	<u>28,847</u>

Contract assets

The contract assets arising from provision of system support and software solution services. It primarily relates to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

The contract assets are expected to be recovered within one year.

13. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	5,367	2,096
Contract liabilities	3,505	8,382
Other payables and accrued expenses	2,572	4,175
	<u>11,444</u>	<u>14,653</u>

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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	3,233	1,692
31–60 days	153	159
61–90 days	312	–
Over 90 days	1,669	245
	<u>5,367</u>	<u>2,096</u>

Contract liabilities represented advance payments received from customers for provision of system support and software solution services. The Group received the entire consideration in advance before providing relevant services to customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 April 2023 and 2022	8,382	18,360
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the reporting period	(8,047)	(15,728)
Increase in contract liabilities as a result of receiving sales deposits during the year	3,170	5,750
	<u>3,505</u>	<u>8,382</u>
As at 31 March 2024 and 2023	<u>3,505</u>	<u>8,382</u>

The amount of contract liabilities expected to be recognised as income after more than one year is HK\$335,000 (2023: HK\$2,632,000). All of the other contract liabilities are expected to be recognised as income within one year.

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, 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 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.

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 sales of EFT-POS terminals and peripheral devices services to acquirers and as well as merchants.

For the year ended 31 March 2024, the Group continued its efforts in developing the sales of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services, software solution services and embedded system solution services.

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

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

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 staff turnover, we conduct continuous recruitment for high caliber candidates from university graduates in computer science with a view to train them up with technical knowledge in electronic payment and software solution industry.

FINANCIAL REVIEW

Overview

For the year ended 31 March 2024, the Group recorded revenue of approximately HK\$127.7 million which represented an increase of approximately 14.7% as compared with approximately HK\$111.3 million for the year ended 31 March 2023.

Revenue

For sales of EFT-POS terminals and peripheral devices, revenue of approximately HK\$40.0 million and HK\$42.2 million were recognised for years ended 31 March 2024 and 2023, respectively, which represented a decrease of approximately 5.2% due to more entry level EFT-POS terminals being sold in year ended 31 March 2024 compared to the year ended 31 March 2023.

For provision of system support and software solution services, revenue of approximately HK\$87.7 million and HK\$69.1 million were recognised for year ended 31 March 2024 and 2023, respectively, which represented an increase of approximately 26.9% due to the increase of the provision of EFT-POS system support services and software solution services.

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 were approximately HK\$65.5 million and HK\$64.5 million for the years ended 31 March 2024 and 2023, respectively, which represented an increase of approximately 1.6% due to the increase in the development cost of software solutions projects and partially net off by the decrease of cost of inventory sold.

Gross Profit and Gross Profit Margin

The overall gross profit was approximately HK\$62.2 million and HK\$46.8 million for the years ended 31 March 2024 and 2023, respectively, which represented an increase of approximately 32.9%.

The overall gross profit margin was approximately 48.7% and 42.0% for the years ended 31 March 2024 and 2023, respectively, which represented an increase of approximately 16.0%.

Such increase of gross profit was primarily due to the Group recorded increase of profit margin in the market of software solutions services in the current year.

Other Income

Other income were approximately HK\$2.4 million and HK\$2.1 million for the years ended 31 March 2024 and 2023, respectively, mainly represented the bank interest income, government grant, reversal of impairment loss on trade receivables and delivery income. The increase was mainly due to the increase of bank interest income and partially net off by the absence of government subsidies during the year ended 31 March 2024 under Anti-Epidemic Fund set up by Hong Kong Special Administrative Region.

Other Losses

Other losses were approximately HK\$0.4 million and HK\$1.5 million for the years ended 31 March 2024 and 2023, respectively, mainly represented the net exchange losses and allowance of expected credit losses. The other losses were decreased mainly due to the decrease of the allowance of expected credit losses in the current year.

Staff Costs

Staff costs of approximately HK\$28.7 million and HK\$24.7 million were recorded for the years ended 31 March 2024 and 2023, respectively, which represented an increase of approximately 16.2%. The increase was mainly due to the increase of the staff salaries and headcount during the year.

Other Selling and Administrative Expenses

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

Other selling and administrative expenses of approximately HK\$19.3 million and HK\$16.6 million were recorded for the years ended 31 March 2024 and 2023, respectively, which represented an increase of approximately 16.3% which due to the increase of depreciation of property, plant and equipment, amortisation of intangible assets and legal and professional fees incurred in the current year.

Finance Costs

Finance costs mainly represented interest on lease liabilities and interest expenses on bank borrowings.

Finance costs of approximately HK\$0.04 million and HK\$0.01 were recorded for the years ended 31 March 2024 and 2023, respectively. The increase is mainly due to the presence interest on long service payment liabilities during the year ended 31 March 2024.

Profit for the Period

The Group recorded profit of approximately HK\$31.6 million and HK\$19.6 million for the years ended 31 March 2024 and 2023, respectively, which represented a significant increase of approximately 61.2%. It was mainly due to the increase of gross profit and partially offset by the increase of administrative expenses.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

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

The Group has remained at a sound financial resource level. As at 31 March 2024, the Group had net current assets of approximately HK\$112.3 million (as at 31 March 2023: approximately HK\$91.3 million) including cash and bank balances of approximately HK\$62.5 million (as at 31 March 2023: approximately HK\$73.1 million).

PLEDGE OF ASSETS

As at 31 March 2024, the Group did not have any pledged assets (as at 31 March 2023: Nil).

FOREIGN CURRENCY RISK

The Group's business activities are mainly 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, CAPITAL EXPENDITURES AND CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any significant capital commitments, capital expenditures and nor contingent liabilities (as at 31 March 2023: Nil).

CAPITAL STRUCTURE

As at 31 March 2024, the Group did not have any bank borrowings (as at 31 March 2023: Nil).

Save as disclosed above, there has been no change in the Company's capital structure during the year ended 31 March 2024. 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 consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed 78 (as at 31 March 2023: 65) full-time employees (including 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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND CAPITAL ASSETS

On 21 June 2024, the Group entered into the sale and purchase agreement with Bonum LLC (“**Bonum**”) to acquire 16.7% issued share capital of Bonum at the consideration of USD1 million. Bonum is a company incorporated in Mongolia with limited liability and is principally engaged in provision of payment services in Mongolia. The Group considers that the acquisition could provide an opportunity to the Group to enter into the payments market in Mongolia. All the terms and conditions for completion have not been fulfilled up to the date of this announcement. Save as disclosed above, the Group did not make any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the year ended 31 March 2024 and up to the date of this announcement.

ANNUAL GENERAL MEETING, DIVIDEND AND CLOSURE OF THE REGISTER OF MEMBERS

a. Annual General Meeting and Closure of the Register of Members for Determining the Entitlement of the Shareholders to Attend and Vote at the 2024 Annual General Meeting

The annual general meeting of members of the Company will be held on Thursday, 8 August 2024.

The register of members of the Company will be closed from Monday, 5 August 2024 to Thursday, 8 August 2024 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the 2024 annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 August 2024.

b. Dividend and Closure of the Register of Members for Determining the Entitlement to the Proposed Final Dividend for the year ended 31 March 2024

The Board is pleased to recommend a final dividend of HK2.00 cents per share for the year ended 31 March 2024 (2023: HK2.00 cent per share). As the Company paid an interim dividend of HK1.00 cent per share during the year (2023: HK1.00 cent per share), the total distribution will be HK3.00 cents per share for the year (2023: HK3.00 cents per share). Subject to the members' approval on the proposed final dividend at the forthcoming annual general meeting, the register of members of the Company will be closed from Wednesday, 21 August 2024 to Thursday, 22 August 2024 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the proposed final dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar and transfer office in Hong Kong, Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 20 August 2024. The proposed final dividend will be paid on Wednesday, 28 August 2024 to members whose names appear on the register of members on Thursday, 22 August 2024 following approval at the annual general meeting.

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 risk management and internal control, transparency and accountability with a view to enhance corporate value and to safeguard the interests of all the shareholders and the Company as a whole.

The Board continues to monitor and review the Company's corporate governance and makes necessary changes at appropriate time.

The Board has adopted the principles, the code provisions of the Corporate Governance Code (the "**CG Code**") and the recommended best practices contained in Appendix C1 to the GEM Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established an audit committee (the "**Audit Committee**"), a nomination committee (the "**Nomination Committee**") and a remuneration committee (the "**Remuneration Committee**") with specific written terms of reference. During the year ended 31 March 2024 and up to the date of this announcement, the Company has complied with all the code provisions of the CG Code as set out in Appendix C1 to the GEM Listing Rules except for the deviations as follows:

Code provision C.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 Chun Kit, Andrew ("**Mr. Lo**") is the chairman (the "**Chairman**") and the chief executive officer (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 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 C.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-calibre individuals, with three of them being independent non-executive Directors.

COMPLIANCE WITH 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, the Company was not aware of any non-compliance with the required standard as set out in the Model Code throughout the year ended 31 March 2024.

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.

AUDIT COMMITTEE

The Audit Committee was established on 23 November 2016 in compliance with Rule 5.28 of the GEM Listing Rules. As at 31 March 2024, the Audit Committee comprised three independent non-executive Directors, namely Mr. Chow Ka Wo Alex (chairman of the Audit Committee), Dr. Wu Wing Kuen, *B.B.S.*, and Mr. Wong Ping Yiu.

None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

Written terms of reference in compliance with code provisions D.3.3 and D.3.7 of the CG Code as set out in Appendix C1 to the GEM Listing Rules have been adopted. It is the Board's responsibility to ensure that an effective internal control and risk management framework exist within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators, and proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action. The Board has delegated the responsibility for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group's management to the Audit Committee. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control and risk management systems of the Group. Besides, the Audit Committee reviews and monitors the Company's compliance with its whistleblowing policy and oversees the Company's relations with the external auditor.

During the year ended 31 March 2024, the Audit Committee has reviewed the interim and annual results of the Group. As at the date of this announcement, the Audit Committee and the external auditor have also reviewed the audited annual results of the Group for the year ended 31 March 2024. The Audit Committee and the external auditor were 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.

EVENT AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 10 May 2024 in respect of a change of auditor, and 21, 27 and 28 June 2024 in respect of a discloseable transaction. Save as disclosed in the said announcements or elsewhere in this announcement, the Group has no material events after reporting period.

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

During the year ended 31 March 2024 and up to the date of this announcement, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF THE ANNUAL REPORT

The Company's annual report for the year ended 31 March 2024 will be published on the websites of the Stock Exchange and the Company in due course and dispatched in printed form to Shareholders upon request.

As at the date of this announcement, to the best knowledge of the Directors, the information contained in this announcement will be consistent with the information contained in the 2024 annual report of the Company.

By order of the Board
EFT Solutions Holdings Limited
Lo Chun Kit Andrew
Chairman

Hong Kong, 28 June 2024

As of the date of this announcement, the Board comprises executive Director Mr. Lo Chun Kit Andrew; 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. Wong Ping Yiu and Mr. Chow Ka Wo Alex.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk 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.