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 2020

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 2020

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 2020, together with the comparative figures for the year ended 31 March 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Revenue	4	**119,673**	132,937
Cost of goods sold and services		**(69,264)**	(75,174)
Gross profit		**50,409**	57,763
Other income	6	**601**	1,686
Other losses		**(8,231)**	(5,450)
Administrative expenses		**(24,848)**	(23,384)
Operating profit		**17,931**	30,615
Finance costs	7	**(7,560)**	(9,083)
Share of results of an associate		**(1,731)**	(1,104)
Profit before tax		**8,640**	20,428
Income tax expense	8	**(4,545)**	(6,155)
Profit for the year	9	**4,095**	14,273
Attributable to:			
Owners of the Company		**4,245**	9,746
Non-controlling interests		**(150)**	4,527
		4,095	14,273
Earnings per share	11		
– Basic and diluted *(HK cents)*		**0.88**	2.03

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
Profit for the year	**4,095**	14,273
Other comprehensive income/(expense)		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(427)**	60
Reclassification adjustment for a foreign operation disposed of	**(77)**	–
Items that will not be reclassified to profit or loss:		
Fair value change of equity instruments at fair value through other comprehensive income	**600**	(700)
Other comprehensive income/(expense) for the year, net of tax	**96**	(640)
Total comprehensive income for the year	**4,191**	13,633
Total comprehensive income attributable to:		
Owners of the Company	**4,328**	9,089
Non-controlling interests	**(137)**	4,544
	4,191	13,633

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,437**	5,664
Right-of-use assets		**1,444**	–
Intangible assets		**1,458**	17,118
Goodwill		**227**	175,257
Investment in an associate		**2,971**	4,702
Equity instruments at fair value through other comprehensive income		**–**	19,300
Deposits and prepayment	12	**4,302**	302
		14,839	222,343
CURRENT ASSETS			
Inventories		**10,428**	5,211
Trade and other receivables	12	**58,451**	76,738
Tax recoverable		**–**	1,140
Bank balances and cash		**34,844**	38,206
		103,723	121,295
CURRENT LIABILITIES			
Trade and other payables	13	**14,894**	16,721
Bank borrowings		**116**	13,343
Promissory notes		**–**	61,849
Lease liabilities		**1,502**	–
Tax payable		**2,397**	5,401
		18,909	97,314
NET CURRENT ASSETS		**84,814**	23,981
TOTAL ASSETS LESS CURRENT LIABILITIES		**99,653**	246,324

	Notes	**2020**	2019
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Other payable	13	**–**	3,200
Promissory notes		**–**	131,970
Deferred tax liabilities		**222**	2,801
		222	137,971
NET ASSETS		**99,431**	108,353
CAPITAL AND RESERVES			
Share capital		**4,800**	4,800
Share premium and reserves		**94,648**	90,320
Equity attributable to owners of the Company		**99,448**	95,120
Non-controlling interests		**(17)**	13,233
TOTAL EQUITY		**99,431**	108,353

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to the owners of the Company									
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Special reserve** *HK$'000* *(Note)*	**Share option reserve** *HK$'000*	**FVTOCI reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
Adjusted balance as at 1 April 2018	4,800	53,545	(10,228)	5,851	–	–	32,063	86,031	–	86,031
Profit for the year	–	–	–	–	–	–	9,746	9,746	4,527	14,273
Other comprehensive income										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	43	–	43	17	60
Fair value changes of equity instruments at fair value through other comprehensive income ("**FVTOCI**")	–	–	–	–	(700)	–	–	(700)	–	(700)
Total comprehensive income	–	–	–	–	(700)	43	9,746	9,089	4,544	13,633
Transactions with owners										
Lapsed of share option	–	–	–	(5,851)	–	–	5,851	–	–	–
Non-controlling interests arising on business combinations	–	–	–	–	–	–	–	–	8,689	8,689
Total transactions with owners	–	–	–	(5,851)	–	–	5,851	–	8,689	8,689
As at 31 March 2019	4,800	53,545	(10,228)	–	(700)	43	47,660	95,120	13,233	108,353
Profit for the year	–	–	–	–	–	–	4,245	4,245	(150)	4,095
Other comprehensive income										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(440)	–	(440)	13	(427)
Reclassification adjustment for a foreign operation disposed of	–	–	–	–	–	(77)	–	(77)	–	(77)
Fair value changes of equity instruments at FVTOCI	–	–	–	–	600	–	–	600	–	600
Total comprehensive income	–	–	–	–	600	(517)	4,245	4,328	(137)	4,191
Disposal of subsidiaries	–	–	–	–	100	–	(100)	–	(13,113)	(13,113)
As at 31 March 2020	4,800	53,545	(10,228)	–	–	(474)	51,805	99,448	(17)	99,431

Note: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL

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 Estera Trust (Cayman) Limited, Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is located at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong.

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 solutions services, point-of-sale ("**POS**") 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**").

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention except for equity instruments at FVTOCI that are measured at fair value at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 2.14%.

	At 1 April 2019 *HK$'000*
Operating lease commitments disclosed as at 31 March 2019	3,299
Less: Recognition exemption – short-term leases	(336)
	2,963
Less: Total future interest expenses	(75)
Lease liabilities discounted at relevant incremental borrowing rates as at 1 April 2019	2,888
Analysed as	
Current	1,741
Non-current	1,147
	2,888

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	2,888
By class:	
Leased properties	2,888

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 *HK$'000*	Adjustments *HK$'000*	Carrying amounts under HKFRS 16 at 1 April 2019 *HK$'000*
Non-current assets			
Right-of-use assets	–	2,888	2,888
Current liabilities			
Lease liabilities	–	1,741	1,741
Non-current liabilities			
Lease liabilities	–	1,147	1,147

New and Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[5]

1. Effective for annual periods beginning on or after 1 January 2021.
2. Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3. Effective for annual periods beginning on or after a date to be determined.
4. Effective for annual periods beginning on or after 1 January 2020.
5. Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards,* will be effective for annual periods beginning on or after 1 January 2020.

The directors anticipate that the application of new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

Disaggregation of revenue from contracts with customers for the year

	2020	2019
	HK$'000	*HK$'000*
Sourcing of EFT-POS terminals and peripheral devices	**41,322**	50,008
Provision of system support and software solution services	**78,351**	82,929
	119,673	132,937

	2020	2019
	HK$'000	*HK$'000*
Timing of revenue recognition:		
At a point in time	**41,322**	50,008
Over time	**78,351**	82,929
	119,673	132,937

Performance obligations for contracts with customers

(i) Sourcing of EFT-POS terminals and peripheral devices

Revenue from sourcing of EFT-POS terminals and peripheral devices are recognised at a point in time when the goods have been delivered to the customer's specific location.

(ii) Provision of system support and software solution services

The Group provides system support and software solution services to customers. The customers simultaneously receive and consume the benefit provided by the Group, accordingly, the revenue is recognised as a performance obligation satisfied over time.

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 sourcing of EFT-POS terminal 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 contract for sourcing of EFT-POS terminal and peripheral devices and provision of system support and software solution services that had an original expected duration of one year or less.

5. SEGMENT INFORMATION

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

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

Sale of hardware devices	–	Sourcing 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

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

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

Year ended 31 March 2020

	Sale of hardware devices *HK$'000*	**System support and software solution services** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue – external customers	**41,322**	**78,351**	**119,673**
Segment results	**20,827**	**28,045**	**48,872**
Other income			**35**
Finance costs			**(7,560)**
Share of results of an associate			**(1,731)**
Unallocated expenses			**(30,976)**
Profit before tax			**8,640**

Year ended 31 March 2019

	Sale of hardware devices *HK$'000*	System support and software solution services *HK$'000*	Consolidated *HK$'000*
Segment revenue – external customers	50,008	82,929	132,937
Segment results	22,498	34,253	56,751
Other income			1,189
Finance costs			(9,083)
Share of results of an associate			(1,104)
Unallocated expenses			(27,325)
Profit before tax			20,428

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

Segment assets and liabilities

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

	2020	2019
	HK$'000	*HK$'000*
Segment assets		
Sale of hardware devices	**22,638**	26,174
System support and software solution services	**25,239**	43,850
Total segment assets	**47,877**	70,024
Unallocated assets	**70,685**	273,614
Consolidated assets	**118,562**	343,638
Segment liabilities		
Sale of hardware devices	**5,299**	8,561
System support and software solution services	**5,272**	7,359
Total segment liabilities	**10,571**	15,920
Unallocated liabilities	**8,560**	219,365
Consolidated liabilities	**19,131**	235,285

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

- all assets are allocated to operating segments other than property, plant and equipment, right-of-use assets, goodwill, intangible assets, investment in an associate, equity instruments at FVTOCI, certain deposits and prepayment, tax recoverable and bank balances and cash that are not attributable to respective segment.

- all liabilities are allocated to operating segments other than certain other payables and accrued expenses, bank borrowings, promissory notes, lease liabilities, tax payable and deferred tax liabilities that are not attributable to respective segment.

Other segment information

Year ended 31 March 2020

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

Year ended 31 March 2019

	Sale of hardware devices *HK$'000*	System support and software solution services *HK$'000*	Consolidated *HK$'000*
Impairment losses on trade receivables	8	1,334	1,342

Geographical information

Non-current assets by geographical location

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

	2020 ***HK$'000***	2019 *HK$'000*
Hong Kong	**5,857**	195,730
Australia	**1,709**	2,309
	7,566	198,039

Note: Non-currents assets excluded financial instruments, prepayment and investment in an associate.

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:

	2020 ***HK$'000***	2019 *HK$'000*
Hong Kong	**88,648**	112,093
Macau	**21,662**	10,120
Australia	**6,621**	9,809
Others	**2,742**	915
	119,673	132,937

Information about major customers

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

	2020	2019
	HK$'000	*HK$'000*
Customer A from sales of hardware devices and system support and software solution services segments	**18,228**	6,098
Customer B from sale of hardware devices and system support and software solution services segments	**18,121**	14,591
Customer C from system support and software solution services segment	**17,747**	17,503
	54,096	38,192

There are no other customers contributed 10% or more of the Group's total revenue during the years ended 31 March 2020 and 2019.

6. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**35**	13
Gain on disposal of property, plant and equipment	**–**	337
Income from delivery cost recharged to customers	**566**	497
Deregistration of the subsidiary	**–**	839
	601	1,686

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank borrowings	**200**	203
Interest on promissory notes	**7,318**	8,880
Interest on lease liabilities	**42**	–
	7,560	9,083

8. INCOME TAX EXPENSE

	2020 *HK$'000*	2019 *HK$'000*
Current tax:		
Hong Kong Profits Tax	**4,800**	5,896
Overseas income tax	**39**	90
Total current income tax	**4,839**	5,986
Underprovision in respect of prior year:		
Hong Kong Profit tax	**–**	83
Deferred tax	**(294)**	86
Total tax charge for the year	**4,545**	6,155

Hong Kong Profits Tax has been provided for at the rate of 8.25% on the estimated assessable profits which is less or equivalent to HK$2,000,000 and 16.5% on the estimated assessable profits which is more than HK$2,000,000 (2019: 8.25% on the estimated assessable profits which is less or equivalent to HK$2,000,000 and 16.5% on the estimated assessable profits which is more than HK$2,000,000).

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

No provision for the PRC corporate income tax has been made as the Group did not generate any taxable profits in the PRC for both years. 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 for both years.

9. PROFIT FOR THE YEAR

	2020 *HK$'000*	2019 *HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration		
– salaries and allowances	**2,591**	2,868
– discretionary bonus	**228**	100
– retirement benefits scheme contribution	**36**	36
Other staff costs		
– salaries and allowances	**19,452**	16,746
– discretionary bonus	**2,180**	2,260
– retirement benefits scheme contribution	**859**	834
Total employee benefits expenses (including directors' emoluments)	**25,346**	22,844
Auditor's remuneration	**620**	600
Cost of inventories recognised as expense	**20,640**	26,942
Depreciation of property, plant and equipment	**2,301**	1,888
Depreciation of right-of-use assets	**1,444**	–
Impairment loss on trade receivables	**1,966**	1,342
Impairment loss on other receivables	**1,205**	–
Operating lease expenses	**–**	2,427
Operating lease rental relating to short-term lease and other lease with lease terms end within 12 months of the date of initial application of HKFRS 16	**336**	–
Amortisation of intangible assets	**1,653**	1,632

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year (2019: Nil).

Subsequent to the end of the reporting period, a final dividend HK0.625 cents per share, amounting to HK$3,000,000 in respect of the year ended 31 March 2020 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

11. EARNINGS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**4,245**	9,746
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**480,000**	480,000

The diluted earnings per share for the year ended 31 March 2020 and 2019 were the same as basic earnings per share as there were no potential outstanding shares for both years.

12. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Current assets		
Trade receivables from contract with customers	**38,435**	55,565
Less: allowance for credit losses	**(2,101)**	(1,543)
	36,334	54,022
Prepayment, other deposits and other receivables	**22,117**	22,716
Total	**58,451**	76,738

	2020	2019
	HK$'000	*HK$'000*
Non-current asset		
Deposit and prepayments	**4,302**	302

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

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

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**16,439**	23,056
31 – 60 days	**8,405**	10,209
61 – 90 days	**1,179**	4,307
91 – 180 days	**4,755**	6,542
181 – 365 days	**1,431**	5,041
Over 365 days	**4,125**	4,867
	36,334	54,022

13. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**1,322**	3,890
Contract liabilities	**1,661**	4,915
Other payables and accrued expenses	**11,911**	11,116
	14,894	19,921
Less: Non-current portion of other payables	**–**	(3,200)
Current portion	**14,894**	16,721

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.

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**1,079**	2,528
31 – 60 days	**42**	773
61 – 90 days	**98**	343
Over 90 days	**103**	246
	1,322	3,890

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, point-of-sale ("**POS**") software solutions 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.

For the year ended 31 March 2020, the Group continued its efforts in developing the sourcing of EFT-POS terminals and peripheral devices, provision of EFT-POS system support services, software solution services and embedded system solution services. The Group ceased the provision of POS software solution services through the disposal of 70% of the issued share capital of Earn World Development Limited ("**Earn World Development**"), together with its subsidiaries ("**Earn World Group**") on 17 December 2019.

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 outbreak of COVID-19 in Hong Kong in early 2020 may have negative impact to our performance due to the possible decrease in the sales of EFT-POS terminals and peripheral devices and the number of EFT-POS terminals covered by our system support services. We will closely monitor the conditions and keep our Shareholders informed of material developments.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is exposed to various risks in the operations of the Group's business and the Group believes that risk management is important to the Group's success. Key operational risks faced by the Group include, among others, changes in general market conditions and ability to continue to attract and retain highly qualified technical and managerial staff with the appropriate technical expertise and knowledge of the electronic payment and software solution industry. The provision of our services relies heavily on the technical know-how and skill-set of such employees and their continued employment with us is therefore crucial to our business operations. To cope with our business expansion, we conduct continuous recruitment for high 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 2020, the Group recorded revenue of approximately HK$119.7 million which represented a decrease of approximately 9.9% as compared with approximately HK$132.9 million for the year ended 31 March 2019.

Revenue

For sourcing of EFT-POS terminals and peripheral devices, revenue of approximately HK$41.3 million and HK$50.0 million were recognised for year ended 31 March 2020 and 2019, respectively, which represented a decrease of approximately 17.4% due to the decrease in number of EFT-POS terminals sold.

For provision of system support and software solution services, revenue of approximately HK$78.4 million and HK$82.9 million were recognised for year ended 31 March 2020 and 2019, respectively, which represented a decrease of approximately 5.4% due to the significant decrease in provision of POS software solution services and net off by the increase of the provision of EFT-POS system support 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$69.3 million and HK$75.2 million for the year ended 31 March 2020 and 2019, respectively, which represented a decrease of approximately 7.8% due to decrease in costs of inventories sold and increase of the development cost of POS software projects.

Gross Profit and Gross Profit Margin

The overall gross profit was approximately HK$50.4 million and HK$57.8 million for the years ended 31 March 2020 and 2019, respectively, which represented a decrease of approximately 12.8%.

The overall gross profit margin was approximately 42.1% and 43.5% for the years ended 31 March 2020 and 2019, respectively, which represented slightly decrease of approximately 1.4%.

Such decrease of gross profit was primarily due to the Group sourced more EFT-POS terminals and peripheral devices with relatively lower profit margin to customers and significant decrease of profit margin in the market of POS software solutions services in the current year.

Other Losses

Other losses were approximately HK$8.2 million and HK$5.5 million for the year ended 31 March 2020 and 2019, respectively, mainly represented the exchange losses, allowance of expected credit losses and the loss on disposal of subsidiary. The other losses were increased mainly due to the loss on disposal of subsidiaries of approximately HK$4.2 million in current year.

Staff Costs

Staff costs of approximately HK$25.3 million and HK$22.8 million were recorded for the years ended 31 March 2020 and 31 March 2019, respectively, which represented a increase of approximately 11.0%. The increase was mainly due to the increase in the number of staff in current year.

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 of approximately HK$17.4 million and HK$15.4 million were recorded for the years ended 31 March 2020 and 31 March 2019, respectively, which represented a increase of approximately 13.0% which was mainly due to the increase of legal and professional fees incurred in current year.

Finance Costs

Finance costs mainly represented imputed interest expenses on promissory note and interest expenses on bank borrowings.

Finance costs of approximately HK$7.6 million and HK$9.1 million were recorded for the years ended 31 March 2020 and 31 March 2019, respectively. The decrease is mainly due to the decrease of the imputed interest expenses on promissory note as the promissory note has been waived after the disposal of the Earn World Group.

Profit for the Period

The Group recorded profit of approximately HK$4.1 million and HK$14.3 million for the year ended 31 March 2020 and 31 March 2019, respectively, which represented a significant decrease of approximately 71.3% . It was mainly due to the decrease in sales of sourcing of EFT-POS terminals and peripheral devices and provision of software solution services and POS software solution services and the loss on disposal of subsidiaries.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and mnimise 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 2020, the Group had net current assets of approximately HK$84.8 million (as at 31 March 2019: approximately HK$24.0 million) including cash and bank balances of approximately HK$34.8 million (as at 31 March 2019: approximately HK$38.2 million). As at 31 March 2020, the gearing ratio (calculated on the basis of total bank borrowings and promissory notes divided by the total equity as at the end of the period) of the Group was 0.1% (as at 31 March 2019: 191.2%). The significant decrease are due to the wavier of the promissory note and the repayment of bank borrowings.

PLEDGE OF ASSETS

As at 31 March 2020, the Group did not have any pledged assets (as at 31 March 2019: 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 2020, the Group had contracted capital commitment for acquisition of property, plant and equipment of HK$6 million. Up to the date of this announcement, the Group has paid HK$4 million for the acquisition (as at 31 March 2019: nil).

As at 31 March 2020, the Group did not have any significant capital expenditures (as at 31 March 2019: nil).

As at 31 March 2020, the Group did not have any significant contingent liabilities (as at 31 March 2019: nil).

CAPITAL STRUCTURE

As at 31 March 2020, the Group has nil promissory notes (2019: approximately HK$193.8 million) and bank borrowings of approximately HK$0.1 million (2019: approximately HK$13.3 million). The bank borrowings were for tax purpose and unsecured.

Saved as disclosed above, there has been no change in the Company's capital structure during the year ended 31 March 2020. 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 2020, the Group employed 81 (2019: 74) 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

As at 31 March 2020, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets as at 31 March 2020 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting is scheduled to be held on Thursday, 6 August 2020 (the "**2020 AGM**"). Notice of the 2020 Annual General Meeting will be published and despatched to shareholders of the Company in due course.

PAYMENT OF FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK0.625 cent per ordinary share for the year ended 31 March 2020 (the "**FY2020 Proposed Final Dividend**") (31 March 2019: nil). The FY2020 Proposed Final Dividend, if approved, shall be payable on Friday, 18 September 2020 and is subject to the approval of the shareholders of the Company at the 2020 AGM. The shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 20 August 2020 will be entitled to the FY2020 Proposed Final Dividend.

CLOSURE OF REGISTER OF MEMBERS

a. For determining the entitlement of the shareholders to attend and vote at the 2020 AGM

The register of members of the Company will be closed from Monday, 3 August 2020 to Thursday, 6 August 2020 (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 2020 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at 2013B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Friday, 31 July 2020.

b. For determining the entitlement to the FY2020 Proposed Final Dividend

The register of members of the Company will be closed from Monday, 17 August 2020 to Thursday, 20 August 2020 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the FY2020 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, Boardroom Share Registrars (HK) Limited at 2013B, 21/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Friday, 14 August 2020.

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 Corporate Governance Code (the "**CG Code**") and the recommended best practices contained in Appendix 15 to the GEM Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established an Audit Committee ("**Audit Committee**"), a Nomination Committee ("**Nomination Committee**") and a Remuneration Committee ("**Remuneration Committee**") with specific written terms of reference. During the year ended 31 March 2020 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 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-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 code of conduct regarding the directors' securities transactions throughout the year ended 31 March 2020.

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 2020, the Audit Committee comprised three independent non-executive Directors, namely Dr. Wu Wing Kuen, Mr. Tso Ping Cheong Brian ("**Mr. Tso**") and Mr. Wong Ping Yiu. Mr. Tso is the chairman of the Audit Committee.

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 C.3.3 and C.3.7 of the CG Code as set out in Appendix 15 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 exists 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 2020, the Audit Committee has reviewed the quarterly, 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 2020. 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

The board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2020 and up to the date of announcement.

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

During the year ended 31 March 2020 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 ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an 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 HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

By order of the Board
EFT Solutions Holdings Limited
Lo Chun Kit Andrew
Chairman and Chief Executive Officer

Hong Kong, 17 June 2020

As of the date of this announcement, the Board comprises executive Directors Mr. Lo Chun Kit Andrew and Mr. Lo Chun Wa; non-executive Directors Ms. Lam Ching Man and Mr. Lui Hin Weng Samuel; and independent non-executive Directors Dr. Wu Wing Kuen, B.B.S., Mr. Tso Ping Cheong Brian and Mr. Wong Ping Yiu.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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