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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)

**CONNECTED TRANSACTION IN RELATION TO
MEMORANDUM OF UNDERSTANDING IN RESPECT OF
THE PROPOSED INVESTMENT**

This announcement is made by the Company pursuant to Rule 17.10 of GEM Listing Rules and Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the SFO (Cap. 571, Laws of Hong Kong).

The Board is pleased to announce that on 25 October 2017 (after trading hours), the Company entered into a non-legally binding MOU with the Target Company, pursuant to which the Company has conditionally proposed to invest in the Target Company for a majority stake.

The Company shall pay the Target Company the Deposit in the amount of HK\$8 million as earnest money. Personal Guarantees will be given jointly and severally by the shareholders of the Target Company in favour of the Company as security for the Deposit.

As Mr. Lo, (i) a substantial shareholder of the Target Company, is an executive Director, chief executive officer and controlling Shareholder of the Company and accordingly is a controller of the Company; and (ii) is a connected person of the Company, the Proposed Investment, if materialised, whether by way of subscription of new shares of the Target Company or acquisition of shares of the Target Company from the Target Company Shareholders including Mr. Lo (as the case may be), will constitute a connected transaction of the Company pursuant to Rule 20.26 or Rule 20.23 (as the case may be) of the GEM Listing Rules.

The Board wishes to emphasise that no legally binding agreement in relation to the Proposed Investment has been entered into as at the date of this announcement and the Proposed Investment may or may not materialise. The Proposed Investment, if materialised, may constitute a connected transaction of the Company. Shareholders and potential investors of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Investment will be made by the Company in the event any formal agreement has been signed.

This announcement is made by the Company pursuant to Rule 17.10 of GEM Listing Rules and Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the SFO (Cap. 571, Laws of Hong Kong).

THE MOU

The Board wishes to announce that on 25 October 2017 (after trading hours), the Company entered into a non-legally binding MOU with the Target Company, pursuant to which the Company has conditionally proposed to invest in the Target Company for a majority stake.

Date: 25 October 2017 (after trading hours)

Parties: (i) the Company
(ii) the Target Company

Save that Mr. Lo is holding 25% of the Target Company, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Target Group and their ultimate beneficial owners are third parties independent of the Company and connected person (as defined in the GEM Listing Rules) of the Company.

Subject matter of the MOU

The Company proposed to invest in the Target Company for a majority stake by way of (i) subscription of new shares of the Target Company; or (ii) acquisition of shares of the Target Company from the Target Company Shareholders. The Company and the Target Company will negotiate the amount of investment and mode of investment on an arm's length basis.

Pursuant to the MOU, the Target Company shall not (and shall procure its representatives and agents not to) during the Exclusivity Period directly or indirectly negotiate with any third party on any sale or transfer of any shares or material assets of the Target Company. The Formal Agreement will be entered into by the relevant parties within 7 days upon completion of the DD Review by the Company and the result of which is to the satisfaction of the Company.

Pursuant to the MOU, the Target Company shall provide to the Company all records and documents of the Target Group forthwith upon request for DD Review purpose and to respond forthwith to the enquiries of the Company. The Company is in its absolute discretion to waive the above requirements of the DD Review.

Term

The MOU will be terminated (a) upon expiry of the Exclusivity Period; (b) upon the relevant parties entering into the Formal Agreement superseding the MOU; (c) by agreement of the parties to the MOU in writing; (d) if the Proposed Investment is not approved by the board of directors of the Target Group or the Company; or (e) the Proposed Investment fails to obtain approvals from the relevant authorities (if necessary).

Deposit

Pursuant to the MOU, the Company shall pay the Target Company the Deposit in the amount of HK\$8 million as earnest money within 7 days from the signing of the MOU and the payment obligation of the Company under the MOU shall be deemed discharged upon the payment of the Deposit to the Target Company. The Deposit shall be repaid to the Company if, inter alia, (a) the Company is not satisfied with the results of the DD Review before or upon expiry of the Exclusivity Period; or (b) the Company is satisfied with the results of the DD Review but the Target Company (or party(ies) which the Target Company should procure) rejects or fails to enter into the Formal Agreement; or (c) the relevant parties fail to enter into the Formal Agreement during the Exclusivity Period; or (d) by agreement of the parties to the MOU.

Such repayment obligations of the Target Company are secured by Personal Guarantees to be given jointly and severally by the shareholders of the Target Company in favour of the Company. In the event that the Formal Agreement is entered into by the relevant parties, the Deposit shall be applied as partial payment of the consideration for the Proposed Investment in accordance with the terms of the Formal Agreement.

INFORMATION OF THE TARGET GROUP

The Target Group consists of the Target Company, which holds 92.12% of Hung Wai Electronics, which in turn holds the entire share capital in Hung Wai Innovation and Huizhou ATED.

The Target Company is principally engaged in investment holding and the trading of electronic technological products, and vending machines used in conjunction with electronic fund transfer at point of sale (“**EFT-POS**”) products and peripheral devices. Hung Wai Electronics is principally engaged in, among others, investment holding and provision of customised hardware and software supported for electronic technological products and vending machines used in conjunction with EFT-POS products and provision of design, develop, installation and production services for peripheral devices. Hung Wai Innovation is principally engaged in the trading and export of electronic technological products, and vending machines used in conjunction with EFT-POS products and peripheral devices. Huizhou ATED is principally engaged in trading of electronic technological products, and vending machines used in conjunction with EFT-POS products and peripheral devices including data operation and goods management for sales device, provision and development of comprehensive electronic payment online transaction system.

REASON FOR AND BENEFITS OF ENTERING INTO THE MOU

The Group is principally engaged in the provision of EFT-POS solutions focusing on providing EFT-POS terminal and peripheral device sourcing and EFT-POS system support services in Hong Kong.

The Directors consider that the Proposed Investment provides an opportunity to the Company to expand our market share through provision of customised EFT-POS products and devices to meet the specific customer needs and to meet global trend of smart city development and will further enhance the investment portfolio and future earnings of the Group. The terms of the MOU were arrived at after arm's length negotiations between the Company and the Target Company. The Board considers that the terms of the MOU are normal commercial terms and fair and reasonable, and if materialised, will be in the interests of the Company and the Shareholders as a whole.

The Directors wish to emphasise that up to the date of this announcement, no detailed terms of the Proposed Investment have been agreed upon by the Company and the Target Company, including the amount of the consideration and mode of the Proposed Investment.

GENERAL

The MOU contains certain legally binding provisions relating to, inter alia, exclusivity, confidentiality and governing law of the MOU. However, it is not legally binding in respect of the Proposed Investment.

As Mr. Lo, (i) a substantial shareholder of the Target Company, is an executive Director, chief executive officer and controlling Shareholder of the Company and accordingly is a controller of the Company; and (ii) is a connected person of the Company, the Proposed Investment, if materialised, whether by way of subscription of new shares of the Target Company or acquisition of shares of the Target Company from the Target Company Shareholders including Mr. Lo (as the case may be), will constitute a connected transaction of the Company pursuant to Rule 20.26 or Rule 20.23 (as the case may be) of the GEM Listing Rules.

The Board wishes to emphasise that no legally binding agreement in relation to the Proposed Investment has been entered into as at the date of this announcement and the Proposed Investment may or may not materialise. The Proposed Investment, if materialised, may constitute a connected transaction of the Company. Shareholders and potential investors of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Investment will be made by the Company in the event any formal agreement has been signed.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	EFT Solutions Holdings Limited 俊盟國際控股有限公司, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the GEM
“DD Review”	due diligence to be conducted by the Company on, inter alia, the business, legal and financial aspects of the Target Group pursuant to the MOU
“Deposit”	a refundable deposit of HK\$8 million payable to the Target Company pursuant to the MOU
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	the period of 6 months from the date of the MOU
“Formal Agreement”	the formal agreement to be entered into by the relevant parties setting forth in detail the terms, provisions and conditions for the Proposed Investment
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou ATED”	Huizhou ATED M-Commerce Limited* (惠州市安泰迪信息科技有限公司), a company established in the PRC with limited liability and wholly owned by Hung Wai Electronics

“Hung Wai Electronics	Hung Wai Electronics (Huizhou) Limited* (鴻偉電子(惠州)有限公司), a company established in the PRC with limited liability, owned by the Target Company as to 92.12% and two independent third parties as to 7.88%
“Hung Wai Innovation”	Hung Wai Innovation Limited, a company incorporated in Hong Kong with limited liability and wholly owned by Hung Wai Electronics
“MOU”	the memorandum of understanding dated 25 October 2017 entered into between the Target Company and the Company in relation to the Proposed Investment
“Mr. Lo”	Mr. Lo Chun Kit Andrew (勞俊傑), the Chairman, chief executive officer, executive Director and controlling Shareholder of the Company
“Personal Guarantees”	the personal guarantees to be given jointly and severally by Mr. Lo and two independent third parties, the three largest shareholders of the Target Company, in favour of the Company as security for the Deposit
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Investment”	the proposed investment in the Target Company by the Company contemplated under the MOU
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hung Wai Holdings Limited (鴻偉控股有限公司) (previously known as Hung Wai Products Limited (鴻偉工業有限公司)), is a company incorporated in Hong Kong with limited liability

“Target Company Shareholders”	three independent third parties and Mr. Lo, as to 75% and 25% of the entire issued share capital of the Target Company respectively
“Target Group”	Target Company, Hung Wai Electronics, Hung Wai Innovation and Huizhou ATED
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

* For identification purpose only

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

Hong Kong, 25 October 2017

As at the date of this announcement, the Board comprises executive Directors Mr. Lo Chun Kit Andrew, Mr. Lo Chun Wa and Mr. Chan Lung Ming; non-executive Directors Ms. Lam Ching Man and Mr. Lui Hin Weng Samuel; and independent non-executive Directors Mr. Lam Keung, Ms. Yang Eugenia and Mr. Ng Ming Fai.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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.