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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **EFT Solutions Holdings Limited** (the “Company”), you should at once hand this circular with the enclosed form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

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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)**

**(1) REVISION OF ANNUAL CAP  
(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
RELATING TO THE NEW MASTER SUPPLY AND SERVICES AGREEMENT  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser**

to the Independent Board Committee and the Independent Shareholders



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A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 15 of this circular. A letter from Shinco Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 30 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Workshop B1 & B3, 11/F, Yip Fung Industrial Building, 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong on Wednesday, 9 January 2019 at 10:30 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you intend to attend the extraordinary general meeting of the Company, you are advised to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not less than 48 hours before the time fixed for holding of the meeting or any adjournment thereof. Completion and delivery of the proxy form will not preclude Shareholders from attending and voting in person at the meeting if they so wish.

17 December 2018

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## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

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

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

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

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 26 November 2018
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“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 GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EFT Payments”	EFT Payments (Asia) Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by Mr. Lo
“EFT-POS”	electronic fund transfer at point-of-sales
“EGM”	the extraordinary general meeting of the Company to be held on Wednesday, 9 January 2019 to consider and approve (i) the Fourth Supplemental Agreement, and (ii) the New Master Supply and Services Agreement and the transactions contemplated thereunder
“Existing Master Supply and Services Agreement”	the master supply and services agreement entered into between the Company and EFT Payments in relation to the supply of EFT-POS terminals and peripheral devices and system support services for the EFT-POS terminals and peripheral devices dated 17 June 2016 (as supplemented and amended by the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement)

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## DEFINITIONS

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“First Supplemental Agreement”	the first supplemental agreement dated 14 November 2016 and entered into between the Company and EFT Payments, which amended and supplemented the Existing Master Supply and Services Agreement
“Fourth Supplemental Agreement”	the fourth supplemental agreement dated 26 November 2018 and entered into between the Company and EFT Payments, which further amended and supplemented the Existing Master Supply and Services Agreement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all three independent non-executive Directors, namely Mr. Lam Keung, Ms. Yang Eugenia and Mr. Ng Ming Fai, which has been established by the Company to make recommendations to the Independent Shareholders in respect of the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement
“Independent Financial Adviser”	Shinco Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) has been appointed to advise the Independent Board Committee and Independent Shareholders in respect of the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than those who have material interests in the Fourth Supplemental Agreement and the New Master Supply and Services Agreement and the transactions contemplated thereunder and are required to abstain from voting at the EGM

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## DEFINITIONS

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“Independent Third Party(ies)”	any person(s) or company(s) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third party(ies) independent of and not connected with any director, chief executive or substantial shareholders or management shareholders of the Company or its subsidiaries or any of their respective associates
“Latest Practicable Date”	13 December 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“LCK”	LCK Group Limited, a company incorporated in the British Virgin Islands with limited liability and a Controlling Shareholder, which is wholly owned by Mr. Lo
“Mr. Lo”	Mr. Lo Chun Kit Andrew (勞俊傑), the Chairman, chief executive officer, executive Director and Controlling Shareholder of the Company
“New Master Supply and Services Agreement”	the master supply and services agreement entered into between the Company and EFT Payments in relation to the supply of EFT-POS terminals and peripheral devices and system support services for the EFT-POS terminals and peripheral devices dated 26 November 2018
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
“Prospectus”	prospectus of the Company dated 5 December 2016
“Second Supplemental Agreement”	the second supplemental agreement dated 26 January 2018 and entered into between the Company and EFT Payments, which further amended and supplemented the Existing Master Supply and Services Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Supplemental Agreement”	the third supplemental agreement dated 13 September 2018 and entered into between the Company and EFT Payments, which further amended and supplemented the Existing Master Supply and Services Agreement
“%”	per cent

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Lo Chun Kit Andrew (*Chairman*)  
Mr. Lo Chun Wa  
Mr. Chan Lung Ming

*Non-executive Directors:*

Ms. Lam Ching Man  
Mr. Lui Hin Weng Samuel

*Independent Non-executive Directors:*

Mr. Lam Keung  
Ms. Yang Eugenia  
Mr. Ng Ming Fai

*Registered Office:*

Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

*Principal Place of Business in*

*Hong Kong:*

Workshops B1 & B3  
11/F, Yip Fung Industrial Building  
28–36 Kwai Fung Crescent  
Kwai Chung, New Territories  
Hong Kong

17 December 2018

*To the Shareholders*

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAP**  
**(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**  
**RELATING TO THE NEW MASTER SUPPLY AND SERVICES AGREEMENT**  
**AND**  
**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **INTRODUCTION**

Reference is made to (i) the section headed “Connected Transactions” in the Prospectus, (ii) the announcements of the Company dated 26 January 2018 and 13 September 2018 in relation to, among others, the Existing Master Supply and Services Agreement, and (iii) the Announcement dated 26 November 2018 in relation to the Fourth Supplemental Agreement and the New Master Supply and Services Agreement.

The purpose of this circular is to provide you with, among others, (i) further details of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement and the



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## LETTER FROM THE BOARD

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transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM to be convened and held for the purpose of considering and, if thought fit, approving the Fourth Supplemental Agreement and the New Master Supply and Services Agreement.

### **REVISION OF ANNUAL CAP OF THE EXISTING MASTER SUPPLY AND SERVICES AGREEMENT**

During a recent review by the Board on the existing continuing connected transactions of the Group, the Directors found that the transaction amount under the Existing Master Supply and Services Agreement is approaching the existing annual cap of HK\$9,900,000 for the financial year ending 31 March 2019.

The Company has entered into the Third Supplemental Agreement with EFT Payments in September 2018 to increase the annual cap from HK\$5,000,000 to HK\$9,900,000. Due to the increase in number of merchants subscribing to mobile payments throughout 2018, the number of EFT-POS terminals ordered by EFT Payments further increased. As such, the transaction amount for the financial year ending 31 March 2019 is expected to be higher than the original level as envisaged at the times of entering into of the Existing Master Supply and Services Agreement and the Third Supplemental Agreement. The Group has been monitoring the historical transacted amounts of the transactions under the Existing Master Supply and Services Agreement for the three financial years ending 31 March 2019. However, it is expected that the annual cap for the financial year ending 31 March 2019 will be exceeded. The Directors therefore proposes to revise the annual cap for the financial year ending 31 March 2019.

On 26 November 2018 (after trading hours), the Company entered into the Fourth Supplemental Agreement with EFT Payments, to revise the existing annual cap for the financial year ending 31 March 2019 from HK\$9,900,000 to HK\$18,000,000. Save and except the revised annual cap of the transaction amount between the Company and EFT Payments as amended and supplemented by the Fourth Supplemental Agreement, the other provisions of the Existing Master Supply and Services Agreement shall remain in full force and effect. The Board confirms that the existing annual cap of HK\$9,900,000 for the year ending 31 March 2019 has not yet been exceeded as at the Latest Practicable Date.

The Fourth Supplemental Agreement is conditional upon (not to be waived by any of the parties), among other things, the Company having complied with the requirements under the GEM Listing Rules in relation to continuing connected transactions, which include but not limited to the announcement and Independent Shareholders' approval requirements.

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## LETTER FROM THE BOARD

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### NEW MASTER SUPPLY AND SERVICES AGREEMENT

The Existing Master and Services Agreement will expire on 31 March 2019, the Board announces that, on 26 November 2018 (after trading hours), the Company entered into the New Master Supply and Services Agreement with EFT Payments to renew the Existing Master Supply and Services Agreement. Principal terms of the New Master Supply and Services Agreement are set out below for reference:

#### **Date**

26 November 2018

#### **Parties**

The Company and EFT Payments

#### **Services**

The Company shall provide EFT Payments with EFT-POS terminals and peripheral devices and system support services for the EFT-POS terminals and peripheral devices. EFT-POS system support service comprises of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments, as well as hotline services and merchant training. The Group will also provide software solution services to EFT Payments.

#### **Term**

3 years, commencing from 1 April 2019 and expiring on 31 March 2022.

#### **Conditions precedent**

The New Master Supply and Services Agreement is conditional upon (not to be waived by any of the parties), among other things, the Company having complied with the requirements under the GEM Listing Rules in relation to continuing connected transactions, which include but not limited to the announcement and Independent Shareholders' approval requirements.

#### **Pricing basis**

The purchase price for EFT-POS terminals shall be determined after arm's length negotiations between EFT Payments and the Group from time to time with reference to the model of EFT-POS terminals to be purchased, their various specifications and the then prevailing market price of similar products in the market and that in any event shall be no less favourable to the Group than that offered to Independent Third Parties by the Group. The Company adopts a cost-plus approach that the prices for EFT-POS terminals have a

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## LETTER FROM THE BOARD

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margin of not less than 20%, taking into account of the cost of terminals, delivery, specifications required of the acquirers, number of terminals ordered and lot sizes.

The monthly system support fee payable by EFT Payments to the Group is based on the number of terminals deployed by EFT Payments multiplied by a system support fee, which ranged from HK\$50 to HK\$130 per month depending on the scope of services required, where separate fees would be charged for additional ad-hoc services not covered in the services agreements on a case by case basis, which was agreed after arm's length negotiations between the parties with regard to the scope of services and the prevailing market rates and that in any event shall be no less favourable to the Group than that offered to Independent Third Parties by the Group.

The software solution service fee payable by EFT Payments to the Group is determined on an estimate of the number of man-power and time required to develop the software solutions, subject to the size and complexity of a particular software solution together with any other costs incurred such as material cost and testing cost plus the targeted margin and shall be determined and agreed after arm's length negotiations between EFT Payments and the Group from time to time with reference to the then prevailing market price of similar services in the market and that in any event shall be no less favourable to the Group than that offered to Independent Third Parties by the Group.

### **Internal Control Procedures**

The Group will revisit and make reference to the prices of the same or comparable products or services offered to independent customers in the ordinary and usual course of business from time to time to ensure that the prices offered to EFT Payments will be no less favourable than that offered to the Independent Third Parties.

In respect of the prices for EFT-POS terminals, the Group's sales department will extract information from sales record, which contains the range of unit price which the Group charged Independent Third Parties for products of comparable quality, quantity and specifications within the period of six months ("**Review Period**") prior to the relevant transactions with EFT Payments and the management of the Company would make reference to such information before approving the price of EFT-POS terminals to be offered to EFT Payments. The management of the Company will consider the costs, and quantities of each order and make reference to the pricing policies of the Company to ensure the price offered to EFT Payments will be no less favourable than that offered to the Independent Third Parties.

In respect of the monthly system support fee and software solution service fee, the management of the Company would make reference to the fees offered by the Group to Independent Third Parties within the Review Period prior to the relevant agreements entered with EFT Payments after consideration of the costs, quantities and types of EFT-POS terminals involved for the monthly system support fee or the estimate of the required labour cost and time cost for software solutions service and make reference to the

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## LETTER FROM THE BOARD

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pricing policies of the Company before approving the services fees, to ensure that the service fee offered by the Group to EFT Payments will be no less favourable than that offered to the Independent Third Parties.

The management will make reference to the prices offered to at least two Independent Third Parties. If there are less than two similar transactions for the management of the Company to make reference with, the management of the Company would extend the Review Period to 12 months.

Further, the following procedures have been implemented:

- i. The Group's sales department will keep up-to-date records of the unit prices of products sold by the Group to ensure the relevant pricing information to determine the price ranges for the products to be sold to connected parties can be timely obtained;
- ii. The Group's finance department will continuously monitor the underlying transactions under the New Master Supply and Services Agreement and review the pricing of products, payment terms and actual transaction amount on a monthly basis. The finance department will regularly compare the prices of the products supplied under the master agreement to see if any prices are less favourable than that offered from Independent Third Parties of comparable quality, quantity and specifications;
- iii. The independent non-executive Directors will review the transactions under the New Master Supply and Services Agreement annually to ensure that, among other things, its terms are fair and reasonable and in the interest of the Company and Shareholders as a whole; and
- iv. The Company will engage its auditor to report on the New Master Supply and Services Agreement annually, to confirm whether, among other things, price charged for each of the transactions selected were in accordance with the pricing terms set out in the agreements or the prices charged were consistent with the prices charged for comparable transactions, and the relevant annual caps have not been exceeded.

## LETTER FROM THE BOARD

### HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

The following table sets out (i) the existing annual caps under the Existing Master Supply and Services Agreement; (ii) the historical transaction amounts; and (iii) the proposed revised annual cap under the Fourth Supplemental Agreement:

	<b>For the year ended 31 March 2017 HK\$'000 (audited)</b>	<b>For the year ended 31 March 2018 HK\$'000 (audited)</b>	<b>For the seven months ended 31 October 2018 HK\$'000 (unaudited)</b>
Historical transaction amounts	4,456	9,517	7,180
	<b>For the year ended 31 March 2017 HK\$'000</b>	<b>For the year ended 31 March 2018 HK\$'000</b>	<b>For the year ending 31 March 2019 HK\$'000</b>
Existing annual caps	5,000	9,900 <i>(Note 1)</i>	9,900 <i>(Note 2)</i>
Proposed revised annual cap	N/A	N/A	18,000

*Note 1:* On 26 January 2018 (after trading hours), the Company entered into the Second Supplemental Agreement with EFT Payments, to revise the existing annual caps for the year ending 31 March 2018 from HK\$5,000,000 to HK\$9,900,000.

*Note 2:* On 13 September 2018 (after trading hours), the Company entered into the Third Supplemental Agreement with EFT Payments, to revise the existing annual cap for the year ending 31 March 2019 from HK\$5,000,000 to HK\$9,900,000.

The proposed annual caps for each of the three years ending 31 March 2022 under the New Master Supply and Services Agreement are as follows:

	<b>For the year ending 31 March 2020 HK\$'000</b>	<b>For the year ending 31 March 2021 HK\$'000</b>	<b>For the year ending 31 March 2022 HK\$'000</b>
Annual caps	20,000	23,000	23,000

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## LETTER FROM THE BOARD

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In determining the above annual caps (including the revised cap for the year ending 31 March 2019), the Directors have considered (i) the historical purchase price and system support fees due from the Existing Master Supply and Services Agreement for each of the two years ended 31 March 2017 and 2018, and the seven months ended 31 October 2018; and (ii) the expected demand and/or sales and deployment of terminals for the year ending 31 March 2019 and the three years ending 31 March 2020, 2021 and 2022, as the Directors note that stored value facilities (“SVF”) transactions including transactions completed through mobile payments in terms of dollar amounts of transaction from point-of-sale spending payment have recorded a yearly growth of approximately 12.8%, from the second quarter of 2017 to the second quarter of 2018, according to the Statistics of Stored Value Facilities Schemes Issued by SVF Licensees published by the Hong Kong Monetary Authority (“HKMA”) in the second quarter of 2018. Based on such statistics the Directors are of the view that the market outlook of SVF transactions in Hong Kong is in an increasing trend and therefore the demand of the EFT-POS terminals will be positive. The revenue generated from the sale of EFT-POS terminals and peripheral devices and system support together with software solution services have been the principal source of income of the Group and therefore entering into the New Master Supply and Services Agreement will enable the Group to maintain a good source of income.

Having considered (i) the historical purchase price and system support fees paid under the Existing Master Supply and Services Agreement was approximately HK\$4.5 million for the year ended 31 March 2017 and HK\$9.5 million for the year ended 31 March 2018, respectively; (ii) the transaction amounts between the Group and EFT Payments for the seven months ended 31 October 2018 accounted for approximately 72.5% of the annual cap of HK\$9.9 million; (iii) the higher average monthly deployment rate of EFT-POS terminals under the Existing Master Supply and Services Agreement for the seven months ended 31 October 2018 as compared to those for the years ended 31 March 2017 and 2018; (iv) the number of SVF transactions including transactions through mobile payment in Hong Kong has increased significantly and the demand of EFT-POS terminals deployed in merchants is expected continue to grow in the coming years with reference to the Statistics of Stored Value Facilities Schemes Issued by SVF Licensees published by the HKMA in the second quarter of 2018; (v) the expected demand of EFT-POS terminals for the confirmed projects in malls, restaurants and other merchants of EFT Payments and its subsidiaries; (vi) the service fee for system support service as at 31 October 2018 amounted to approximately HK\$520,000. The service fee is “cumulative” (which means the more EFT-POS terminals deployed, the higher the expected demand for the corresponding system support services) once the EFT-POS terminals are deployed and increases progressively depending on the number of terminals deployed and the monthly service fee payable to the Group by EFT Payments for EFT-POS system support service; and (vii) the software solution fees can vary depending on the size and complexity of the software solution being provided, the Directors consider that the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement and the annual caps (including the revised cap for the year ending 31 March 2019) are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF REVISION OF THE ANNUAL CAP AND ENTERING INTO THE NEW MASTER SUPPLY AND SERVICES AGREEMENT

With the increasing popularity of mobile payment methods in Hong Kong, the demand for EFT-POS terminals for mobile payments, corresponding system support services and software solution services is increasing. The aggregate purchase of EFT-POS terminals and peripheral devices by EFT Payments are expected to increase to keep abreast of the rapid development of the mobile payment market. The increased number of deployed EFT-POS terminals and peripheral devices by EFT Payments will increase demand for system support services and software solution services to provide seamless integrated solutions for merchants.

Also, as mentioned in the paragraph headed “Revision of Annual cap of the Existing Master Supply and Services Agreement”, it is expected that the annual cap for the financial year ending 31 March 2019 will be exceeded. Accordingly, the Directors therefore proposes to enter into the Fourth Supplemental Agreement to revise the annual cap for the financial year ending 31 March 2019.

The Directors (excluding the independent non-executive Directors whose opinion will be formed after considering the advice from the Independent Financial Adviser) consider it is beneficial for the Group to conduct transactions under the Fourth Supplemental Agreement and the New Master Supply and Services Agreement in order to seize the opportunity of the increasing demand of mobile payments, which will in turn continue to enhance the revenue and profitability to the Group. The Directors (excluding the independent non-executive Directors whose opinion will be formed after considering the advice from the Independent Financial Adviser) consider the entering into of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement is in the Group’s ordinary course of business, and the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### INFORMATION ABOUT THE GROUP AND EFT PAYMENTS

The Group is a leading EFT-POS solution provider focusing on sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services in Hong Kong.

EFT Payments and its subsidiaries are principally engaged in promoting and marketing the acceptance of Alipay as means of electronic payment by merchants in Hong Kong and the PRC.

### IMPLICATIONS UNDER THE GEM LISTING RULES

EFT Payments is wholly-owned by Mr. Lo, the Chairman, chief executive officer, executive Director and Controlling Shareholder of the Company. Therefore, EFT Payments is a connected person of the Company under Rule 20.07 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) are more than 5%,



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## LETTER FROM THE BOARD

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accordingly the entering into of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement each constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### EGM

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, other than LCK which is interested in 345,600,000 Shares as at the Latest Practicable Date representing 72% of the issued share capital of the Company, no other Shareholder is required to abstain from voting on the proposed resolutions at the EGM.

At the Board meeting approving the Fourth Supplemental Agreement and the New Master Supply and Services Agreement, other than Mr. Lo and his associates including Ms. Lam Ching Man and Mr. Lo Chun Wa (being Mr. Lo's spouse and brother, respectively) who were altogether considered to have material interests in the relevant transactions and had abstained from voting on the relevant Board resolutions, none of the other Directors had to abstain from voting on the relevant Board resolutions.

A notice convening the EGM to be held at Workshop B1 & B3, 11/F, Yip Fung Industrial Building, 28-36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong on Wednesday, 9 January 2019 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions in relation to the Fourth Supplemental Agreement and the New Master Supply and Services Agreement.

Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

### RECOMMENDATION

Taking into account the letter from the Independent Board Committee and all other factors stated above as a whole, the Directors (including the independent non-executive Directors) are of the view that the terms of the Fourth Supplemental Agreement and New Master Supply and Services Agreement are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Fourth Supplemental Agreement and the New Master Supply and Services Agreement and the transactions contemplated thereunder.



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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

17 December 2018

*To the Independent Shareholders*

Dear Sirs,

#### **REVISION OF ANNUAL CAP AND RENEWAL OF CONTINUING CONNECTED TRANSACTIONS RELATING TO THE NEW MASTER SUPPLY AND SERVICES AGREEMENT**

We refer to the circular dated 17 December 2018 issued to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

As members of the Independent Board Committee, we have been appointed by the Board to advise the Independent Shareholders on whether the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement are set out in the text of the Letter from the Board as set out on pages 5 to 14 of the Circular.

We wish to draw your attention to the letter of advice from Shinco Capital Limited as set out on pages 16 to 30 of the Circular which contains, among others, its advice and recommendation to us as regards the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement together with the principal factors and reasons for its advice and recommendation. Having considered, among other matters, the factors and reasons considered by, and the opinions of Shinco Capital Limited as stated in its aforementioned letter of advice, we consider that the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. And accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Fourth Supplemental Agreement and the New Master Supply and Services Agreement.

Yours faithfully

For and on behalf of the Independent Board Committee

**Mr. Lam Keung**

*Independent non-executive  
Director*

**Ms. Yang Eugenia**

*Independent non-executive  
Director*

**Mr. Ng Ming Fai**

*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Shinco Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement prepared for the purpose of inclusion in this circular.*



Room 1106, 11/F  
Office Plus@Sheung Wan  
No. 93–103 Wing Lok Street  
Sheung Wan  
Hong Kong

17 December 2018

*To the Independent Board Committee and  
the Independent Shareholders of EFT Solutions Holdings Limited (the “Company”)*

Dear Sirs,

### **REVISION OF ANNUAL CAP AND RENEWAL OF CONTINUING CONNECTED TRANSACTIONS RELATING TO THE NEW MASTER SUPPLY AND SERVICES AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement and the transactions contemplated thereunder, details of which are set out in the section headed “Letter from the Board” (the “**Board Letter**”) in the Company’s circular (the “**Circular**”) dated 17 December 2018 to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in this circular unless the context requires otherwise.

According to the prospectus of the Company dated 5 December 2016 and the management of the Company, on 17 June 2016, the Company entered into the Existing Master Supply and Services Agreement with EFT Payments, pursuant to which the Group agreed to (i) sell and EFT Payments agreed to purchase electronic fund transfer at point-of-sales (“**EFT-POS**”) terminals and peripheral devices in accordance with the specifications and at the purchase price set out in each individual purchase order as may from time to time be offered by EFT Payments and accepted by the Group; and (ii) provide EFT-POS system support service to EFT Payments with effect from 15 December 2016. EFT-POS system support service comprise of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments. The Group also provides hotline services and merchant training.

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According to the management of the Company, on 14 November 2016, the Company entered into the First Supplemental Agreement with EFT Payments, to revise the annual caps under the Existing Master Supply and Services Agreement for financial years ended 31 March 2017, 2018 and 2019 from HK\$3.0 million each year to HK\$5.0 million each year.

With reference to the Company's announcement dated 26 January 2018, on 26 January 2018, the Company entered into the Second Supplemental Agreement with EFT Payments, to revise the annual cap under the Existing Master Supply and Services Agreement for the financial year ended 31 March 2018 from HK\$5.0 million to HK\$9.9 million.

With reference to the Company's announcement dated 13 September 2018, on 13 September 2018, the Company entered into the Third Supplemental Agreement with EFT Payments, to revise the existing annual cap under the Existing Master Supply and Services Agreement for the financial year ending 31 March 2019 from HK\$5.0 million to HK\$9.9 million.

According to the Board Letter, during a recent review by the Board on the existing continuing connected transactions of the Group, the Directors found that the transaction amount under the Existing Master Supply and Services Agreement is approaching the existing annual cap for the financial year ending 31 March 2019.

On 26 November 2018, the Company entered into the Fourth Supplemental Agreement with EFT Payments, to revise the existing annual cap for the financial year ending 31 March 2019 from HK\$9.9 million to HK\$18.0 million. Save and except the revised annual cap of the transaction amount between the Company and EFT Payments as amended and supplemented by the Fourth Supplemental Agreement, the other provisions of the Existing Master Supply and Services Agreement shall remain in full force and effect. The Board confirms that the existing annual cap of HK\$9.9 million for the year ending 31 March 2019 has not yet been exceeded as at the Latest Practicable Date.

With reference to the Board Letter, as the Existing Master and Services Agreement will expire on 31 March 2019, on 26 November 2018, the Company also entered into the New Master Supply and Services Agreement with EFT Payments to renew the Existing Master Supply and Services Agreement, pursuant to which the Company shall provide EFT Payments with EFT-POS terminals and peripheral devices and system support services for the EFT-POS terminals and peripheral devices, with effect from 1 April 2019 to 31 March 2022. EFT-POS system support service comprises of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments, as well as hotline services and merchant training. The Group will also provide software solution services to EFT Payments.

As at the Latest Practicable Date, EFT Payments is wholly owned by Mr. Lo, the Chairman, chief executive officer, executive Director and Controlling Shareholder of the Company. Therefore, EFT Payments is a connected person of the Company under Rule 20.07 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) are more than 5%, accordingly the entering into of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement each constitutes a continuing

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connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

According to the Board Letter, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, other than LCK which is interested in 345,600,000 Shares as the Latest Practicable Date representing 72% of the issued share capital of the Company, no other Shareholder is required to abstain from voting on the proposed resolutions at the EGM.

As stated in the Board Letter, at the Board meeting approving the Fourth Supplemental Agreement and the New Master Supply and Services Agreement, other than Mr. Lo and his associates including Ms. Lam Ching Man and Mr. Lo Chun Wa (being Mr. Lo's spouse and brother, respectively) who were altogether considered to have material interests in the relevant transactions and had abstained from voting on the relevant board resolutions, none of the other Directors had to abstain from voting on the relevant board resolutions.

The Independent Board Committee comprising Mr. Lam Keung, Ms. Yang Eugenia and Mr. Ng Ming Fai, being all the independent non-executive Directors, has been established to give advice to the Independent Shareholders as to whether the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement are fair and reasonable and how to vote in respect of the resolutions on the Fourth Supplemental Agreement and the New Master Supply and Services Agreement.

We, Shinco Capital Limited, has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote on the relevant resolution(s) to approve the Fourth Supplemental Agreement and the New Master Supply and Services Agreement at the EGM.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement, we have entered into another engagement on 31 July 2018 with the Company regarding another notifiable transaction of the Company and we act as independent financial adviser for this aforesaid transaction. Save for the above, there were no other engagements between the Group and us. Apart from normal professional fees for our services to the Company in connection with this appointment as the Independent Financial Adviser in respect of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement, no other arrangement exists whereby we will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our

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independence. Accordingly, we are independent from, and are not associated with the Company, or its substantial shareholder(s) or connected person(s) as defined under the GEM Listing Rules, and accordingly are considered eligible to give independent advice on the Fourth Supplemental Agreement and the New Master Supply and Services Agreement.

### **BASIS OF OUR OPINION**

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied upon the statements, information, opinions and representations contained or referred to in the Circular, the information, opinions and representations provided to us by the Directors and/or the management of the Company, and our review of the relevant public information.

We have assumed that all information and representations provided by the Directors and/or the management the Company, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be true up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration by the Directors and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and/or the management of the Company nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or the prospects of the markets in which the Group operates.

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the GEM Listing Rules. The Directors have confirmed, after having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in the Circular 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 the Circular misleading. We, as the independent financial adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company and the Directors and the information published by the Company, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this circular to provide a reasonable basis for our opinions and recommendations. We have not, however, carried out any independent verification of the information provided by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation in respect of the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement, we have taken into account the following principal factors and reasons:

#### 1. Background information of the Group and EFT Payments

##### (a) *The Group*

With reference to the Board Letter, the Group is a EFT-POS solution provider focusing on sourcing of EFT-POS terminals and peripheral devices, and provision of EFT-POS system support services and software solution services in Hong Kong.

Set out below is a summary of the consolidated financial information of the Group for the six months ended 30 September 2018 (the “**IR2018**”) and 2017 (the “**IR2017**”), and the years ended 31 March 2018 (the “**FY2018**”) and 2017 (the “**FY2017**”) as extracted from the Company’s interim report for the six months ended 30 September 2018 (the “**2018 Interim Report**”) and its annual report for the year ended 31 March 2018 (the “**2018 Annual Report**”), respectively:

	For the six months ended 30 September 2018 HK\$'000 (unaudited)	For the six months ended 30 September 2017 HK\$'000 (unaudited)	For the year ended 31 March 2018 HK\$'000 (audited)	For the year ended 31 March 2017 HK\$'000 (audited)
Revenue	66,282	34,616	94,148	53,282
Profit/(Loss) for the period/year	24,106	7,367	21,698	(1,295)

As depicted by the above table, the Group recorded revenue of approximately HK\$94.1 million for FY2018, which represents an increase of approximately 76.5% as compared to prior year. With reference to the 2018 Annual Report and the management of the Company, the increase in revenue of the Group was mainly due to (i) the revenue generated from the sale of hardware devices increased from approximately HK\$23.8 million for FY2017 to approximately HK\$31.4 million for FY2018; and (ii) the revenue generated from system support and software solution services increased from approximately HK\$29.5 million in FY2017 to approximately HK\$62.8 million in FY2018 and these two segments of businesses represent 100% of revenue of the Group for FY2018. For FY2018, the Group was able to turn around



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from its loss making position that recorded loss for the year of approximately HK\$1.3 million for FY2017 to profit of the year for approximately HK\$21.7 million for FY2018.

According to the 2018 Interim Report, the Group recorded revenue of approximately HK\$66.3 million for IR2018, which represents an increase of approximately 91.6% as compared to approximately HK\$34.6 million for IR2017. The revenue generated from (i) the sale of hardware devices increased from approximately HK\$8.5 million for IR2017 to approximately HK\$19.1 million for IR2018; and (ii) system support and software solution services increased from approximately HK\$26.1 million in IR2017 to approximately HK\$47.2 million for IR2018. Accordingly, the profit of the period also increased from approximately HK\$7.4 million for IR2017 to approximately HK\$24.1 million in IR2018.

Given the aforesaid improving performance of the Group's revenue generated from (i) the sale of hardware devices; and (ii) system support software solution services as mentioned in this section, we are of the view and concur with the view of the management of the Company that entering into the Fourth Supplemental Agreement and the New Master supply and Services Agreement would be able to maintain the principal source of income of the Group and in the interests of the Company and Shareholders as a whole.

### ***(b) EFT Payments***

EFT Payments and its subsidiaries are principally engaged in promoting and marketing the acceptance of Alipay, a third-party mobile and online payment platform, as means of electronic payment by merchants in Hong Kong and the PRC. According to the management of the Company, EFT-Payments would distribute EFT-POS terminals to certain merchants so that these merchants would be able to provide Alipay as a payment method to the customers.

## **2. Reasons for and benefits of revision of the annual cap and entering into the New Master Supply and Services Agreement**

As stated in the Board Letter, the Board is of the view that with the increasing popularity of mobile payment methods in Hong Kong, the demand for EFT-POS terminals for mobile payments, corresponding system support services and software solution services is increasing. The aggregate purchase of EFT-POS terminals and peripheral devices by EFT Payments are expected to increase to keep abreast of the rapid development of the mobile payment market. The increased number of deployed EFT-POS terminals and peripheral devices by EFT Payments will increase demand for system support Services and software solution services to provide seamless integrated solutions for merchants.

Also, as mentioned in the paragraph headed "Revision of Annual cap of the Existing Master Supply and Services Agreement" in the Board Letter, it is expected that the existing



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annual cap for the financial year ending 31 March 2019 will be exceeded. Accordingly, the Directors therefore proposes to enter into the Fourth Supplemental Agreement to revise the annual cap for the financial year ending 31 March 2019.

### *Market outlook*

Under the New Master Supply and Services Agreement, the Company shall provide EFT Payments with EFT-POS terminals and peripheral devices and system support services for the EFT-POS terminals and peripheral devices. Furthermore, as stated in the Board Letter and according to the management of the Company, EFT Payments and its subsidiaries are principally engaged in promoting and marketing the acceptance of Alipay as means of electronic payment by merchants in Hong Kong and the PRC.

According to the official website of the Hong Kong Monetary Authority (“**HKMA**”), Alipay Financial Services (HK) Limited is currently one of the 16 financial companies that obtained the stored value facilities (“**SVF**”) license issued by HKMA. According to the “Explanatory Note on Licensing for Stored Value Facilities” issued by HKMA in November 2015 ([https://www.hkma.gov.hk/media/eng/doc/key-functions/financial-infrastructure/infrastructure/retail-payment-initiatives/Explanatory\\_note\\_on\\_licensing\\_for\\_SVF.pdf](https://www.hkma.gov.hk/media/eng/doc/key-functions/financial-infrastructure/infrastructure/retail-payment-initiatives/Explanatory_note_on_licensing_for_SVF.pdf)), a facility is an SVF if:

- (a) it may be used for storing the value of an amount of money that:
  - (i) is paid into the facility from time to time; and
  - (ii) may be stored on the facility under the rules of the facility; and
- (b) it may be used for either or both of the following purposes:
  - (i) as a means of making payments for goods or services under an undertaking (whether express or implied) given by the issuer; and
  - (ii) as a means of making payments to another person (other than payments mentioned in sub-paragraph (i) above) under an undertaking (whether express or implied) given by the issuer.

As EFT Payments and its subsidiaries are principally engaged in promoting and marketing the acceptance of Alipay, we have reviewed the latest official quarterly and yearly data on SVF transactions issued by SVF licensees in Hong Kong and available in the official website of HKMA (<https://www.hkma.gov.hk/eng/key-information/press-releases/2018/20180921-3.shtml>) (“**SVF Statistics**”) in order to assess the market trend of stored value facilities (“**SVF**”) transactions and the demand of EFT-POS terminals and relevant system support services.

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	Second quarter of 2018	First quarter of 2018	Second quarter of 2017	Quarterly change	Year-on- year change
Total number of SVF accounts in use in Hong Kong ('000)	51,811	49,007	43,480	5.7%	19.2%
Total number of SVF transactions from point-of-sale spending payment ('000)	1,405,073	1,362,491	1,330,188	3.1%	5.6%
Total value of SVF transactions from point-of-sale spending payment (HK\$ million)	21,331	20,407	18,903	4.5%	12.8%

According to the statistics of SVF schemes issued by SVF licensees for second quarter of 2018 (“**2018 2Q**”), the total number of SVF accounts in use in Hong Kong for 2018 2Q has reached approximately 51.8 million, which represents an increase of (i) approximately 5.7% as compared to first quarter of 2018 (“**2018 1Q**”); and (ii) approximately 19.2% as compared to second quarter of 2017 (“**2017 2Q**”). The total number of SVF transactions from point-of-sale spending payment in 2018 2Q has recorded approximately 1.41 billion, which represents (i) a quarterly growth of approximately 3.1% as compared to approximately 1.36 billion in 2018 1Q; and (ii) a yearly growth of approximately 5.6% as compared to approximately 1.33 billion in 2017 2Q. The total value of SVF transactions from point-of-sale spending payment has also recorded yearly growth in 2018, the total transaction value in 2018 2Q has recorded approximately HK\$21.3 billion, which represents an increase of approximately 12.8% as compared to 2017 2Q and an increase of approximately 4.5% as compared to 2018 1Q. Based on the above, we are of the view that the market outlook of SVF transactions in Hong Kong is in an increasing trend and therefore the demand of the EFT-POS terminals will be positive.

Having considered that the growth of SVF transactions in terms of number of transactions and total value of transactions in 2018 2Q have both recorded quarterly growth as compared to 2018 1Q and yearly growth as compared to 2017 2Q, we are of the view and concur with the view of the management of the Company that the market outlook of the SVF transactions is positive and therefore the demand of EFT-POS terminals and relevant system support services is positive and entering into the Fourth Supplemental Agreement and the New Master Supply and Services Agreement is in the interests of the Company and Shareholders as a whole.

**3. Principal terms of the New Master Supply and Services Agreement**

As the Existing Master Supply and Services Agreement will expire on 31 March 2019, on 26 November 2018, the Company entered into the New Master Supply and Services Agreement with EFT Payments to renew the Existing Master Supply and Services Agreement. Principal terms of the New Master Supply and Services Agreement are set out below for reference:

***Date***

26 November 2018

***Parties***

The Company and EFT Payments

***Services***

The Company shall provide EFT Payments with EFT-POS terminals and peripheral devices and system support services for the EFT-POS terminals and peripheral devices. EFT-POS system support service comprises of installation, maintenance, collection and repair of EFT-POS terminals and peripheral devices deployed at merchants by EFT Payments, as well as hotline services and merchant training. The Group will also provide software solution services to EFT Payments.

***Term***

3 years, commencing from 1 April 2019 and expiring on 31 March 2022.

***Conditions precedent***

The New Master Supply and Services Agreement is conditional upon (not to be waived by any of the parties), among other things, the Company having complied with the requirement under the GEM Listing Rules in relation to continuing connected transactions, which include but not limited to the announcement and Independent Shareholders' approval requirements.

***Our review on the pricing basis and pricing policies***

For the details of the pricing basis under the New Master Supply and Services Agreement, please refer to the paragraph headed "Pricing basis" under the section headed "NEW MASTER SUPPLY AND SERVICES AGREEMENT" in the Board Letter.

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In order to ascertain whether the Company has adhered to the aforesaid pricing basis under the previous transactions between the Group and EFT Payments, we have requested the Company to provide (i) the master list of all the transaction details between the Group with EFT Payments (the “**EFT Payments Master List**”) for the period from 15 December 2016 (being the listing date of the Company and the effective date of the Existing Master Supply and Services Agreement) up until the date of the New Master Supply and Services Agreement; (ii) the list of reference transactions (the “**Reference Transactions**”) between the Group and Independent Third Parties within the period of 6 months prior to the relevant transactions with EFT Payments for the management of the Company to determine the quotation price of transactions between the Company and EFT Payments; (iii) the invoices of the Reference Transactions; and (iv) the assurance report issued by the auditor of the Company regarding the continued connected transactions of the Group for FY2017 and FY2018.

The EFT Payments Master List primarily consists of, client names, type of products, quotation dates, order quantities, transaction dollar amounts and invoice details of (i) the transactions between the Group and EFT Payments for purchasing orders of EFT-POS terminals devices from EFT-Payments under Existing Master Supply and Services Agreement; and (ii) the Reference Transactions.

Regarding the pricing basis of the EFT-POS terminals and peripheral devices offer to Independent Third Parties by the Company, we have obtained the pricing policies of the Company and noted that the Company adopts the cost-plus approach that the selling price of the these devices would have at least 20% margin as compared to the cost of the devices, which is mainly based on the latest quotations from the suppliers for relevant devices. According to the management of the Company, the price quotations offer to Independent Third Parties would also take into account of various specifications of these devices, their prevailing market price, the potential lot size of the orders from Independent Third Parties and logistics difficulties, etc. In general, the management of the Company would also provide discount up to 20% for Independent Third Parties who order with the lot size over 100 units and the total order amount over 1,000 units over the preceding one year.

For the quotation prices of EFT-POS terminals and peripheral devices for EFT Payments, the management of the Company would make reference to the price of products with same type and of similar specifications offered to Independent Third Parties within the period of 6 months (“**Review Period**”) prior to the relevant transactions with EFT Payments after consideration of the costs, and quantities of each order and make reference to the pricing policies of the Company to ensure the price offered to EFT Payments in any event shall be no less favourable to the Group than that offered to Independent Third Parties by the Group. If there are less than two similar transactions for the management of the Company to make reference with, the management of the Company would extend the Review Period to 12 months in order to obtain sufficient Reference Transactions. We have reviewed EFT Payments Master

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List regarding transactions of EFT-POS terminals and peripheral devices and the invoices issued by the Company to the Independent Third Parties and noted that the management of the Company has made reference to at least two Reference Transactions for each transaction with EFT Payments since the effective of the Existing Master Supply and Services Agreement.

Regarding the pricing basis of the monthly system support fee and software solution fee (“**Service Fees**”) offer to Independent Third Parties by the Company, we have obtained the pricing policies of the Company and noted that (i) the monthly system support fee is determined based on the number of terminals deployed by EFT Payments multiplied by a system support fee and depending on the scope of services required, where separate fees would charge for additional ad-hoc services not covered in the services agreements on a case by case basis; and (ii) the software solution fee is determined based on estimation of required labor cost and time cost to develop the software solutions and subject to the size and complexity of a particular software solution together with other costs incurred such as material cost and testing cost plus the targeted margin.

As confirmed by the management of the Company, regarding the Service Fees payable by EFT Payments to the Group, the management of the Company would make reference to the fees offered by the Company to Independent Third Parties within a period of 6 months prior to the relevant agreements entered with EFT Payments after consideration of the costs and quantities and types of EFT-POS terminals (for the monthly system support fee) or required labor cost and time cost (for software solution fee) involved and make reference to the pricing policies of the Company to ensure that the Service Fees offer by the Group to EFT Payments would not lower than the Service Fees offer by them to other Independent Third Parties which ensure that in any event shall be no less favourable to the Group than that offered to Independent Third Parties by the Group. If there are less than two similar transactions for the management of the Company to make reference with, the management of the Company would extend the Review Period to 12 months in order to obtain sufficient Reference Transactions. We have reviewed EFT Payments Master List regarding the monthly system support fee and the invoices issued by the Company to the Independent Third Parties and noted that the management of the Company has made reference to at least two Reference Transactions for each transaction with EFT Payments since the effective of the Existing Master Supply and Services Agreement. According to the management of the Company, the Company has not provided software solution service to the EFT Payments since the effective date of the Existing Master Supply and Services Agreement.

Based on the above, we are of the view and concur with the view of the management of the Company that there are adequate measures in place to ensure that the fees chargeable to EFT Payments are based on the transactions between the Group and Independent Third Parties and ensure the price offered to EFT Payments in any event shall be no less favourable to the Group than that offered to Independent Third

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Parties by the Group, and therefore such pricing arrangement is on normal commercial terms and the transactions conducted under the New Master Supply and Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### 4. The Historical Transaction Amounts and Annual Caps

With reference to the Board Letter, the following tables set out (i) the existing annual caps under the Existing Master Supply and Services Agreement; (ii) the actual transaction amounts under the Existing Master Supply and Services Agreement; and (iii) the proposed revised annual cap under the Fourth Supplemental Agreement:

*The actual transaction amounts under the Existing Master Supply and Services Agreement*

	<b>For the year ended 31 March 2017 HK\$'000 (audited)</b>	<b>For the year ended 31 March 2018 HK\$'000 (audited)</b>	<b>For the seven months ended 31 October 2018 HK\$'000 (unaudited)</b>
Historical transaction amounts	4,456	9,517	7,180

*The existing annual caps and proposed revised annual cap under the Existing Master Supply and Services Agreement*

	<b>For the year ended 31 March 2017 HK\$'000</b>	<b>For the year ended 31 March 2018 HK\$'000</b>	<b>For the year ending 31 March 2019 HK\$'000</b>
Existing annual caps	5,000	9,900	9,900
Proposed revised annual cap	N/A	N/A	18,000

*Notes:*

- (1) On 26 January 2018, the Company entered into the Second Supplemental Agreement with EFT Payments, to revise the existing annual caps for the year ending 31 March 2018 from HK\$5.0 million to HK\$9.9 million.
- (2) On 13 September 2018, the Company entered into the Third Supplemental Agreement with EFT Payments, to revise the existing annual cap for the year ending 31 March 2019 from HK\$5.0 million to HK\$9.9 million.

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The proposed annual caps for each of the three years ending 31 March 2022 under the New Master Supply and Services Agreement are as follows:

*The proposed annual caps for each of the three years ending 31 March 2022 under the New Master Supply and Services Agreement*

	For the year ending 31 March 2020 HK\$'000	For the year ending 31 March 2021 HK\$'000	For the year ending 31 March 2022 HK\$'000
Annual caps	20,000	23,000	23,000

As advised by the management of the Company, in determining the above annual caps (including the revised cap for the year ending 31 March 2019), the Directors have considered (i) the historical purchase price and system support fees due from the Existing Master Supply and Services Agreement for each of the two years ended 31 March 2017 and 2018 and the seven months ended 31 October 2018; and (ii) the expected demand and/or sales and deployment of terminals for the year ending 31 March 2019 and three years ending 31 March 2020, 2021 and 2022.

With reference to the table 2 above, the historical transaction amounts paid by EFT Payments to the Group under the Existing Master Supply and Services Agreement were approximately HK\$4.5 million for the year ended 31 March 2017 and approximately HK\$9.5 million for the year ended 31 March 2018, which represents an increase of approximately 111.1%. For the seven months ended 31 October 2018, the transaction amounts between the Group and EFT Payments has reached approximately HK\$7.2 million, of which the average monthly transaction amounts were approximately HK\$1.0 million, which represents a growth of approximately 25% as compared to the average monthly transaction amounts of approximately HK\$0.8 million for FY2018.

Furthermore, according to the management of the Company and preliminary order requests from EFT Payments provided by the management of the Company, the expected transaction amounts between the Group and EFT Payments from 1 November 2018 to 31 March 2019 will reach approximately HK\$10.7 million (the “**Estimated Amount**”) based on the aforesaid preliminary order requests from EFT Payments for the period from 1 November 2018 to 31 March 2019 and therefore the expected total transaction amount between the Group and EFT Payment will reach approximately HK\$17.9 million for the financial year ending 31 March 2019 (which is the sum of the transaction amount of approximately HK\$7.2 million for the period from 1 April 2018 to 31 October 2018 and the Estimated Amount). We have obtained the proposals prepared by the customers of EFT Payments and communication records between EFT Payments and the management of the Company in relation to the potential orders requested by the customers of the EFT Payments or estimated orders suggested by EFT Payments based on negotiations with their



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customers. Based on the above, we are of the view and concur with the view of the management of the Company that the entering into the Fourth Supplemental Agreement is fair and reasonable and in the interests of the Company and Shareholders as a whole.

From table 4 above, we noted that (i) the proposed annual cap for the year ending 31 March 2020 (i.e. HK\$20 million) will be approximately 11.1% higher than the proposed revised annual cap for the year ending 31 March 2019 (i.e. HK\$18 million); and (ii) the proposed annual caps for the years ending 31 March 2021 (i.e. HK\$23 million) and 31 March 2022 (i.e. HK\$23 million) will be approximately 15% higher than the proposed annual cap for the year ending 31 March 2020.

Having considered that (i) the SVF Statistics as stated under the section headed “2. Reasons for and benefits of revision of the annual cap and entering into the New Master Supply and Services Agreement” indicate that the SVF transactions in terms of dollar amounts of transaction from point-of-sale spending payment have recorded yearly growth from 2017 2Q to 2018 2Q of approximately 12.8% (please refer to section headed “2. Reasons for and benefits of revision of the annual cap and entering into the New Master Supply and Services Agreement” for our detailed analysis); (ii) the total number of SVF accounts in use in Hong Kong has reached approximately 51.8 million in 2018 2Q according to HKMA, which represents a yearly growth of approximately 19.2% as compared to 2017 2Q (details of relevant statistics please refer to section headed “2. Reasons for and benefits of revision of the annual cap and entering into the New Master Supply and Services Agreement” above in this letter); and (iii) the revenue generated from the sale of hardware devices and system support and software solution services has been the principal source of income of the Company (please refer to section headed “1. Background information of the Group and EFT Payments” for the financial information of the Group) and entering into the New Master Supply and Services Agreement will be able to maintain the principal source of income of the Group, we are of the view and concur with the view of the management of the Company that the proposed annual caps under the New Master Supply and Services Agreement are fair and reasonable.

In light of the above, we are of the view and concur with the view of the management of the Company that the basis of determination of the revised annual cap for the year ended 31 March 2019 under the Existing Master Supply and Services Agreement and the proposed annual caps under the New Master Supply and Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that (i) the entering of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the Fourth Supplemental Agreement and the New Master Supply and Services Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Fourth Supplemental Agreement and the New Master Supply and Services Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Shinco Capital Limited**  
**Kevin Wong**  
*Director*

*Kevin Wong is a licensed person registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance and has over 14 years of experience in corporate finance industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respect and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

## 2. DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the GEM Listing Rules were as follows:

### Long positions in the Shares:

Name	Capacity	Notes	Total interests in ordinary Shares	Percentage of total number of issued Shares
Mr. Lo	Interest in a controlled corporation	1	345,600,000	72%
Ms. Lam Ching Man	Interest of spouse	2	345,600,000	72%

### Notes:

1. Mr. Lo is interested in the entire issued share capital of LCK and he is therefore deemed to be interested in the 345,600,000 Shares held by LCK by virtue of the SFO.
2. Ms. Lam is the spouse of Mr. Lo and she is therefore deemed to be interested in the Shares held by Mr. Lo by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, to the knowledge of the Directors, Shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any options in respect of such capital were as follows:

#### Long positions in the Shares:

Name of Shareholders	Capacity/Nature of interest	Number of Shares	Approximate percentage of issued Shares
LCK ( <i>Note 1</i> )	Beneficial owner	345,600,000	72%

*Note:* The entire issued share capital of LCK is legally and beneficially owned by Mr. Lo who is deemed to be interested in the Shares held by LCK by virtue of the SFO.

Save as disclosed above, the Group has not been notified of any other relevant interests or short positions in the issued share capital of any member of the Group as at the Latest Practicable Date.

### 4. DIRECTORS' SERVICE CONTRACTS

As at Latest Practicable Date, none of the Directors has or is proposed to have a service contract with the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

### 5. INTEREST OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Lego Corporate Finance Limited (the “**Compliance Adviser**”), as at the Latest Practicable Date, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 13 June 2016, which commencing on 15 December 2016, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### 6. INTEREST OF COMPETING BUSINESS

As at the Latest Practicable Date, none of our Directors, our controlling Shareholders and their respective close associates, and none of the Compliance Advisor and each of its directors, employees and close associates (as referred to in Rule 6A.32 of the GEM Listing Rules) had any

interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## **7. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018, being the date to which the latest published audited financial statements of the Group were made up.

## **8. LITIGATION**

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

## **9. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement entered into by the Group, which is subsisting and is significant in relation to the business of the Group taken as a whole.

None of the Directors has any direct or indirect interest in any assets which have been since 31 March 2018 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## **10. QUALIFICATIONS OF EXPERTS**

The followings are the qualification of the expert who has given opinion or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Shinco Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

Shinco Capital Limited has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Shinco Capital Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to

nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, Shinco Capital Limited did not have not any direct or indirect interest in any assets which have been since 31 March 2018 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group.

## **11. GENERAL**

- (a) The company secretary of the Company is Mr. Luk Pok Yin. Mr. Luk Pok Yin is an associate member of Hong Kong Institute of Chartered Secretaries and an associate member of Institute of Chartered Secretaries and Administrators.
- (b) The compliance officer of the Company is Mr. Lo Chun Wa.
- (c) The registered office of the Company is at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (d) The head office and principal place of business of the Company in Hong Kong is at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong.
- (e) The share registrar of the Company is Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (f) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Group in Hong Kong at Workshops B1 & B3, 11/F, Yip Fung Industrial Building, 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong during normal business hours on any Business Day from the date of this circular up to the date of EGM:

- (a) New Master Supply and Services Agreement;
- (b) Existing Master Supply and Services Agreement;
- (c) First Supplemental Agreement;
- (d) Second Supplemental Agreement;
- (e) Third Supplemental Agreement;
- (f) Fourth Supplemental Agreement; and
- (g) this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of EFT Solutions Holdings Limited (the “**Company**”) will be held at Workshop B1 & B3, 11/F, Yip Fung Industrial Building, 28–36 Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong on Wednesday, 9 January 2019 at 10:30 a.m., to consider and, if thought fit, to pass the following resolutions:

#### **ORDINARY RESOLUTIONS**

1. “**THAT**

- (a) the Fourth Supplemental Agreement dated 26 November 2018 entered into between the Company and EFT Payments and the transactions contemplated thereunder and the annual cap be and are hereby ratified, confirmed and approved; and
- (b) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Fourth Supplemental Agreement.”

2. “**THAT**

- (a) the New Master Supply and Services Agreement dated 26 November 2018 entered into between the Company and EFT Payments and the transactions contemplated thereunder and the annual caps be and are hereby ratified, confirmed and approved; and
- (b) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the New Master Supply and Services Agreement.”

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

Hong Kong, 17 December 2018

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. Capitalised terms defined in the circular of the Company dated 17 December 2018 shall have the same meanings when used in this notice, unless the context otherwise requires.
2. Any voting at the above meeting shall be taken by poll.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
5. The transfer books and register of members will be closed from Friday, 4 January 2019 to Wednesday, 9 January 2019, both days inclusive to determine the entitlement of the shareholders to attend the above meeting, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Thursday, 3 January 2019.
6. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his/her stead. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
7. As at the date of this notice, 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.