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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)

CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAP

Reference is made to the section headed “Connected Transactions” in the Prospectus and the announcement of the Company dated 26 January 2018 in relation to, among others, the Master Supply and Services Agreement (as supplemented and amended on 14 November 2016 and 26 January 2018).

REVISION OF ANNUAL CAP

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

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 financial year ending 31 March 2019 from HK\$5,000,000 to HK\$9,900,000.

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. Accordingly, the entering into of the Third Supplemental Agreement constitutes continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

According to Rule 20.52 of the GEM Listing Rules, if the Company proposes to revise the annual cap for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders’ approval requirements.

Based on the revised annual cap under the Third Supplemental Agreement, as all of the applicable percentage ratios (as defined under the GEM Listing Rules) are less than 25% and the total amount of the revised annual cap is less than HK\$10,000,000, the entering into of the Third Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, and announcement requirements, but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules.

At the Board meeting approving the Third Supplemental Agreement and the revised annual cap, 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) were considered to have a material interest in the relevant transactions, and had abstained from voting on the relevant board resolution, none of the Directors have a material interest in the transactions contemplated thereunder.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the section headed "Connected Transactions" in the Prospectus in relation to, among others, the Master Supply and Services Agreement (as supplemented and amended on 14 November 2016 and 26 January 2018). Principal terms of the Master Supply and Services Agreement are set out below for reference:

Date

17 June 2016 (as amended and supplemented by the First Supplemental Agreement on 14 November 2016 and the Second Supplemental Agreement on 26 January 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.

Term

For the period commencing the Listing Date and expiring on 31 March 2019.

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 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 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 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 those available to the Independent Third Parties, after balancing various factors including but not limited to the costs, lot sizes and quantities of each order, market conditions and delivery deadline and arrangements.

REVISION OF ANNUAL CAP

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 Master Supply and Services Agreement is approaching the existing annual cap of HK\$5,000,000 for the financial year ending 31 March 2019.

Due to the increase in number of merchants subscribing to mobile payments, the number of EFT-POS terminals ordered by EFT Payments increased accordingly. 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 time entering into of the Master Supply and Services Agreement.

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 financial year ending 31 March 2019 from HK\$5,000,000 to HK\$9,900,000.

Save and except the revised annual cap of the transaction amount between the Company and EFT Payments as amended and supplemented by the Third Supplemental Agreement, the other provisions of the Master Supply and Services Agreement shall remain in full force and effect.

The Board confirms that the existing annual cap for the financial year ending 31 March 2019 has not yet been exceeded as at the date of this announcement.

Historical transaction amounts and annual cap

The tables below set out (i) the actual transactions amounts and (ii) the existing annual caps and the revised annual cap, under the Master Supply and Services Agreement:

	For the year ended 31 March 2018 (HK\$'000)	For the five months ended 31 August 2017 (HK\$'000)	For the five months ended 31 August 2018 (HK\$'000)
Actual transactions amounts	9,517	594	3,224
Existing annual cap			For the year ending 31 March 2019 (HK\$'000) 5,000
Revised annual cap			9,900

The revised annual cap is determined with reference to the following factors:

- (a) the historical actual transaction amounts under the Master Supply and Services Agreement of HK\$9.5 million for the financial year ended 31 March 2018;
- (b) the historical actual transaction amounts under the Master Supply and Services Agreement of HK\$0.6 million and HK\$3.2 million for the five months ended 31 August 2017 and 2018, respectively, representing an increase of approximately 443%; and
- (c) the anticipated demand for supply and services from EFT Payments for the financial year ending 31 March 2019.

The Directors (including the independent non-executive Directors) are of the view that the basis of determining the revised annual cap is fair and reasonable.

Reasons for and benefits of revision of the annual cap

With the increasing popularity of mobile payment methods in Hong Kong, the demand for EFT-POS terminals for mobile payments and relevant system support services is increasing. The aggregate purchase of EFT-POS terminals and peripheral devices by EFT Payments for the financial year ending 31 March 2019 is expected to increase to keep abreast of the rapid development of the mobile payment market.

The Directors (including the independent non-executive Directors) consider it is beneficial for the Group to revise the annual cap for the continuing connected transactions under the 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 (including the independent non-executive Directors) consider the entering into of the Third Supplemental Agreement is in the Group's ordinary course of business, and the terms of the Third Supplemental Agreement together with the revised annual cap 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 electronic fund transfer at point-of-sales ("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 is principally engaged in promoting and marketing the acceptance of Alipay offline payment as means of electronic payment by retail merchants in Hong Kong.

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. Accordingly, the entering into of the Third Supplemental Agreement constitutes continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

According to Rule 20.52 of the GEM Listing Rules, if the Company proposes to revise the annual cap for its continuing connected transactions, the Company will be required to re comply with the announcement and shareholders' approval requirements.

Based on the revised annual cap under the Third Supplemental Agreement, as all of the applicable percentage ratios (as defined under the GEM Listing Rules) are less than 25% and the total amount of the revised annual cap is less than HK\$10,000,000, the entering into of the Third Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, and announcement requirements, but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules.

At the Board meeting approving the Third Supplemental Agreement and the revised annual cap, 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) were considered to have a material interest in the relevant transactions, and had abstained from voting on the relevant board resolution, none of the Directors have a material interest in the transactions contemplated thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“associate”	has the meaning ascribed to it 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 the GEM
“connected persons”	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, a wholly-owned subsidiary of Mr. Lo
“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 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 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
“Listing Date”	15 December 2016, on which dealings in the Shares first commence on GEM
“Master Supply and Services Agreement”	the master supply and services agreement 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 and Second Supplemental Agreement)
“Mr. Lo”	Mr. Lo Chun Kit Andrew (勞俊傑), the Chairman, chief executive officer, executive Director and controlling Shareholder of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Prospectus”	the 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 Master Supply and Services Agreement
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company
“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 Master Supply and Services Agreement
“%”	per cent.

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

Hong Kong, 13 September 2018

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.