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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)**

### **MAJOR AND CONNECTED TRANSACTION ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AS PARTIAL SETTLEMENT OF PROMISSORY NOTES IN RELATION TO THE ACQUISITION OF 70% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

#### **ISSUE OF CONSIDERATION SHARES AS PARTIAL SETTLEMENT OF PROMISSORY NOTES**

On 13 November 2018 (after trading hours), the Company and the Vendor entered into the Deed of Settlement, pursuant to which the Vendor agreed to settle the payment obligation of the indebtedness amounting to approximately HK\$60,000,000 of the Promissory Note against and upon the issue of the Consideration Shares in the name of the Vendor (or its nominees).

#### **ISSUE OF CONSIDERATION SHARES PURSUANT TO SPECIFIC MANDATE**

The Consideration Shares represent (i) approximately 31.8% of the issued share capital of the Company as at the Last Trading Day; and (ii) approximately 24.1% of the share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares will rank pari passu in all respects with the existing Shares in issue.

## **EGM**

The EGM will be convened and held for the Shareholders to consider and approve (a) the Partial Settlement and (b) the Specific Mandate for the issue of the Consideration Shares as set out in this announcement.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Partial Settlement. As such, no Shareholder is required to abstain from voting at the EGM in respect of the resolution approving the Partial Settlement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has a material interest in the Partial Settlement and the issue of the Consideration Shares or has abstained from voting on the Board resolution for considering and approving the same.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Partial Settlement are more than 25% but less than 75%, the Partial Settlement constitutes a major transaction of the Company and is subject to reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the Vendor held 30% of the total issued share capital of the Target Company being a Subsidiary of the Company as at the date of this announcement, the Vendor is a connected person at a subsidiary level of the Company under the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) are more than 5%, the issue of Consideration Shares to the Vendor therefore constitutes a connected transaction for the Company under the GEM Listing Rules, and is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the independent Shareholders as to Partial Settlement and the issue of Consideration Shares and whether the transactions are in the interests of the Company and the Shareholders as a whole and to advise the independent Shareholders on how to vote.

A circular containing, among others, (i) further information relating to the issue of the Consideration Shares as Partial Settlement under the Specific Mandate; (ii) a letter of recommendation from the Independent Board Committee to the independent Shareholders in respect of the terms of the issue of the Consideration Shares; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders in respect of the terms of the issue of the Consideration Shares; and (iv) the notice of EGM to be convened and held for the purpose of considering and, if thought fit, approving the issue of the Consideration Shares, is expected to be despatched to the Shareholders on or before 4 December 2018.

## INTRODUCTION

On 13 November 2018 (after trading hours), the Company and the Vendor entered into the Deed of Settlement, pursuant to which the Vendor agreed to settle the payment obligation of the indebtedness amounting to approximately HK\$60,000,000 of the Promissory Note against and upon the issue of the Consideration Shares in the name of the Vendor (or its nominees).

## BACKGROUND

References are made to the announcements of the Company dated 13 November 2017, 19 January 2018, 28 February 2018, 29 March 2018 and 30 April 2018, and the circular of the Company dated 14 May 2018 in relation to, among other matters, the Acquisition (the “**Announcements and Circular**”). Terms used in this announcement shall have the same respective meanings as defined in the Announcements and Circular unless the context otherwise requires.

On 31 May 2018, the Company completed the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement. Accordingly, the Promissory Notes were issued to the Vendor (or its nominees) as partial settlement of the Consideration.

Terms of the Promissory Notes are as follows:

Issuer	:	the Company
Noteholder	:	the Vendor (or its nominees)
Principal amount issued	:	HK\$194,000,000 in aggregate, as to:  HK\$60,000,000 for the 2019 promissory note (the “ <b>2019 Promissory Note</b> ”)  HK\$32,000,000 for the 2020 promissory note (the “ <b>2020 Promissory Note</b> ”)  HK\$32,000,000 for the 2021 promissory note (the “ <b>2021 Promissory Note</b> ”)  HK\$70,000,000 for the 2022 promissory note (the “ <b>2022 Promissory Note</b> ”)
Maturity date	:	30 June 2019 for the 2019 Promissory Note  30 June 2020 for the 2020 Promissory Note  30 June 2021 for the 2021 Promissory Note  30 June 2022 for the 2022 Promissory Note

Interest	:	4% per annum on the outstanding principal amount of the Promissory Notes, payable on the respective maturity dates
Transferability	:	Subject to the prior written consent of the Company, the Promissory Notes are freely transferrable
Early redemption	:	At the sole discretion of the Company, the Promissory Notes may at any time prior to the respective maturity dates be redeemed by the Company in full or in part with interest on the redeemed amount accrued up to the date of redemption calculated pro rata on a 365-day basis at 4% per annum, by serving thirty (30) days prior written notice to the holder of the relevant Promissory Notes
Status	:	The Promissory Notes would constitute direct, unsubordinated and unsecured contractual obligations of the Company which would at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company
Condition	:	The payment obligation of the Company under the Promissory Notes is subject to the profit guarantees (see below) having been fulfilled and the shortfall (where relevant) having been settled
Listing	:	No application would be made for listing of, or permission to deal in, the Promissory Notes on the Stock Exchange or any other stock exchange

In addition, pursuant to the terms of the Sale and Purchase Agreement, the Vendor has irrevocably and unconditionally warranted and guaranteed to the Purchaser that the audited consolidated net profit after tax (the “**Audited Profit**”) of the Target Group for the financial years of 31 March 2018 and 31 March 2019 (the “**Relevant Periods**”) as stated in the audited consolidated financial statements of the Target Group for the Relevant Periods (the “**Audited Accounts**”) to be prepared by the auditors (as nominated by the Purchaser) under the Hong Kong Financial Reporting Standards shall not be less than HK\$11,700,000 and HK\$15,000,000 respectively (the “**Relevant Guaranteed Amounts**”, and in aggregate, the “**Total Relevant Guaranteed Amounts**”). As at the date of this announcement, the Relevant Guaranteed Amounts for the financial year of 31 March 2018 have been fulfilled. As at 30 September 2018, the unaudited profit after tax of the Target Group for the period from 1 April 2018 to 30 September 2018 have already exceeded the 2019 profit guarantee of HK\$15,000,000.

## **DEED OF SETTLEMENT**

The Company and the Vendor entered into the Deed of Settlement, pursuant to which the Company shall be fully and absolutely discharged and released from all obligations (namely, the principal together with the interests accrued thereof) owed to the Vendor (or its nominees) under the 2019 Promissory Note. The principal terms of the Deed of Settlement are as follows:

Date:	13 November 2018
Parties:	The Company; and the Vendor
Consideration Shares:	The Company shall allot and issue 152,671,756 new Shares to the Vendor (or its nominees), credited as fully paid, as full settlement of the 2019 Promissory Note (i.e. the Consideration Shares).
Conditions:	The completion of the Deed of Settlement is conditional upon (a) the Shareholders resolving and voting in favour of the transactions contemplated thereunder at the EGM of the Company to be convened; and (b) the listing approval granted by the Stock Exchange on the Consideration Shares, both of which cannot be waived by any party to the Deed of Settlement.

Upon completion of the Deed of Settlement, the Vendor (or its nominees) shall deliver the 2019 Promissory Note to the Company for cancellation.

## **ISSUE OF CONSIDERATION SHARES**

The Consideration Shares represent (i) approximately 31.8% of the issued share capital of the Company as at the Last Trading Day; and (ii) approximately 24.1% of the share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price of the Consideration Shares amounts to HK\$0.393 per Consideration Share. The Issue Price of HK\$0.393 represents the average closing price of HK\$0.393 per Share as quoted on the Stock Exchange for last five consecutive trading days immediately prior to the Last Trading Day.

## **INFORMATION ON THE TARGET GROUP**

Reference is made to the Company's announcement dated 19 January 2018 and the circular dated 14 May 2018 in relation to the acquisition of 70% of the entire issued share capital of the Target Company.

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Vendor. Upon completion of the Acquisition, the Purchaser and the Vendor will hold 70% and 30% of the entire issued share capital of the Target Company respectively. The Target Company owns 100% of the issued share capital of BOSS, which in turn owns 55% shareholding interest BOSS HK and 99% equity interest in BOSS GZ. The remaining 1% equity interest of BOSS GZ is controlled by the Vendor's brother and others. Save for its interests in BOSS, the Target Company has no material operation and assets. The Target Group has been in the information technology industry for more than ten years. It is principally engaged in the provision of software solution in retail, distribution and accounting sectors including point of sales system, ordering and inventory system and accounting system, with the objective of providing commercial software applications and retail and distribution solutions which are suitable for global operation.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in the provision of electronic fund transfer at point-of-sale (“EFT-POS”) solutions focusing on providing EFT-POS terminal and peripheral device sourcing and EFT-POS system support services in Hong Kong.

## **SPECIFIC MANDATE**

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares will rank *pari passu* in all respects with the existing Shares in issue.

## **REASONS FOR AND BENEFITS OF THE PARTIAL SETTLEMENT**

The Directors considered that an earlier settlement in part prior to the maturity date of 2019 Promissory Note is beneficial to the financial performance of the Company as a result of reduced interest expenses. The Directors (including the independent non-executive Directors) have reviewed the financial position of the Group and consider that the Promissory Notes of the total principal amount of HK\$194,000,000 represent a significant liability and heavy financial burden to the Group. It is considered that placing of new Shares to raise money to repay the Promissory Notes would not be feasible under the current share market conditions. Raising bank borrowings to repay the Promissory Notes would not be practical as it may not be beneficial to the financial performance of the Group. In light of the above, the Company decided to issue the Consideration Shares to partially settle the Promissory Notes.

In view of the above, the Board (excluding the Independent Board Committee the opinion of which will be included in the letter from the Independent Board Committee to be contained in the Circular) considers that the terms and conditions of the Partial Settlement and the issue of the Consideration Shares is fair, reasonable and in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON SHAREHOLDING STRUCTURE

Assuming there is no change to the issued share capital of, and the shareholding in, the Company from the date of this announcement and up to the day on which the Consideration Shares are issued, the shareholding structure of the Company as at the date of this announcement and immediately after the issue of the Consideration Shares will be as follows:

Shareholders	As at the date of this announcement		After allotment and issue of the Consideration Shares	
	Number of Shares	%	Number of Shares	%
LCK	345,600,000	72	345,600,000	54.63
The Vendor (or its nominees)	–	–	152,671,756	24.13
Public Shareholders	<u>134,400,000</u>	<u>28</u>	<u>134,400,000</u>	<u>21.24</u>
Total	<u><u>480,000,000</u></u>	<u><u>100</u></u>	<u><u>632,671,756</u></u>	<u><u>100</u></u>

## GEM LISTING RULES IMPLICATIONS OF THE PARTIAL SETTLEMENT

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Partial Settlement are more than 25% but less than 75%, the Partial Settlement constitutes a major transaction of the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the Vendor held 30% of the total issued share capital of the Target Company being a Subsidiary of the Company as at the date of this announcement, the Vendor is a connected person at a subsidiary level of the Company under the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) are more than 5%, the issue of Consideration Shares to the Vendor therefore constitutes a connected transaction for the Company under 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

The EGM will be convened and held for the Shareholders to consider and approve (a) the Partial Settlement and (b) the Specific Mandate for the issue of the Consideration Shares as set out in this announcement.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Partial Settlement. As such, no Shareholder is required to abstain from voting at the EGM in respect of the resolution

approving the Partial Settlement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has a material interest in the Partial Settlement and the issue of the Consideration Shares or has abstained from voting on the Board resolution for considering and approving the same.

A circular containing, among others, (i) further information relating to the issue of the Consideration Shares as Partial Settlement under the Specific Mandate; (ii) a letter of recommendation from the Independent Board Committee to the independent Shareholders in respect of the terms of the issue of the Consideration Shares; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders in respect of the terms of the issue of the Consideration Shares; and (iv) the notice of EGM to be convened and held for the purpose of considering and, if thought fit, approving the issue of the Consideration Shares, is expected to be despatched to the Shareholders on or before 4 December 2018.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“BOSS”	Business Operating Software Solution Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by the Target Company
“BOSS GZ”	Guangzhou Boss Software Limited* (廣州寶仕軟件有限公司), a company established in the PRC with limited liability and the equity interest of which is owned as to 99% by BOSS and as to 1% by a company controlled by the brother of the ultimate shareholder of the Vendor and others
“BOSS HK”	M3 Hong Kong Limited, a company incorporated in Hong Kong with limited liability and is owned by BOSS and an Independent Third Party as to 55% and 45%, respectively
“Business Day(s)”	means a day other than a Saturday or Sunday, on which banks are open in Hong Kong and the PRC to the general public for business



“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
“Consideration”	the consideration of HK\$210,000,000 for the Acquisition pursuant to the Sale and Purchase Agreement
“Consideration Shares”	152,671,756 new Shares to be allotted and issued by the Company, credited as fully paid, in the name of the Vendor (or its nominees) as partial settlement of the Promissory Notes
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and, for the purpose of this announcement, refers to Mr. Lo and LCK
“Deed of Settlement”	the deed of settlement entered into between the Company and the Vendor dated 13 November 2018 in relation to the Partial Settlement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve (i) the major and connected transaction contemplated herein, and (ii) the grant of the Specific Mandate and the issue of Consideration Shares
“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 dollar(s), 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 issue of the Consideration Shares
“Independent Financial Adviser”	an independent financial adviser to be appointed to advise the Independent Board Committee and independent Shareholders in respect of the terms the issue of the Consideration Shares
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons
“Issue Price”	HK\$0.393 per a Consideration Share
“Last Trading Day”	13 November 2018, being the last trading day of the Shares before the issue of this announcement
“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
“Partial Settlement”	the issue of the Consideration Shares as partial settlement of the Promissory Notes
“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 announcement
“Promissory Note(s)”	the 2019 Promissory Note, the 2020 Promissory Note, the 2021 Promissory Note and the 2022 Promissory Note issued by the Company in favour of the Vendor (or its nominees) to satisfy part of the Consideration
“Purchaser”	Rich Giant Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company

“Sale and Purchase Agreement”	the sale and purchase agreement to acquire the Sale Shares entered into among Vendor and the Purchaser dated 19 January 2018 (as amended by the Supplemental Agreement)
“Sale Shares”	7,000 shares of the Target Company which represents 70% of the entire issued share capital of the Target Company
“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate for the allotment and issue of the Consideration Shares to be granted to the Directors by the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary of the Company (within the meaning under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as amended from time to time) whether incorporated in Hong Kong or elsewhere
“Supplemental Agreement”	the supplemental agreement dated 29 March 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Target Company”	Earn World Development Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its Subsidiaries
“Vendor”	Earn World Enterprises Limited, a company incorporated in the British Virgin Islands and is a connected person of the Company at a subsidiary level
“%”	per cent

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

Hong Kong, 13 November 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](http://www.hkexnews.hk) and the GEM website at [www.hkgem.com](http://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](http://www.eftsolutions.com).*