
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
RELATING TO MASTER SUPPLY AND SERVICES AGREEMENT
AND**

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 12 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 31 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong on Tuesday, 15 April 2025 at 10:00 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, MUFG Corporate Markets Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, 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.

This circular will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Company Announcements” page for at least 7 days from the date of its publication and be posted on the website of the Company at www.eftsolutions.com.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

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 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.

CONTENTS

	<i>Page</i>
Characteristics of GEM of the Stock Exchange	i
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	12
Letter from the Independent Financial Adviser	13
Appendix — General Information	32
Notice of Extraordinary General Meeting	EGM-1

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 5 March 2025
“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 indirectly owned as to 90% by Mr. Lo and indirectly owned as to 10% by Openrice Investment Inc. and its associates, which are Independent Third Parties
“EFT-POS”	electronic fund transfer at point-of-sales
“EGM”	the extraordinary general meeting of the Company to be held on Tuesday, 15 April 2025 to consider and approve the New Master Supply and Services Agreement and the proposed annual caps
“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 February 2022
“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

DEFINITIONS

“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 independent non-executive Directors, namely Mr. Chow Ka Wo Alex and Mr. Wong Ping Yiu, which has been established by the Company to make recommendations to the Independent Shareholders in respect of the terms of the New Master Supply and Services Agreement and the proposed annual caps
“Independent Financial Adviser”	Alpha Financial Group Limited, a licensed corporation to carry out Type 1 (dealing in securities) and 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 New Master Supply and Services Agreement and the proposed annual caps
“Independent Shareholders”	Shareholders other than those who have material interests in the New Master Supply and Services Agreement and the transactions contemplated thereunder and are required to abstain from voting at the EGM
“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”	25 March 2025, 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

DEFINITIONS

“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 5 March 2025
“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
“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
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD

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 Director:

Mr. Lo Chun Kit Andrew (*Chairman*)

Non-executive Directors:

Ms. Lam Ching Man

Mr. Lui Hin Weng Samuel

Independent Non-executive Directors:

Mr. Wong Ping Yiu

Mr. Chow Ka Wo Alex

Registered Office:

Windward 3

Regatta Office Park, 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

28 March 2025

To the Shareholders

Dear Sir or Madam,

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
RELATING TO MASTER SUPPLY AND SERVICES AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to (i) the announcement and the circular of the Company dated 17 February 2022 and 16 March 2022 respectively in relation to, among others, the Existing Master Supply and Services Agreement, and (ii) the Announcement in relation to the New Master Supply and Services Agreement. As the Existing Master Supply and Services Agreement will expire on 31 March 2025, the Company entered into the New Master Supply and Services Agreement with EFT Payments on 5 March 2025 (after trading hours). Save for (i) the proposed annual caps; and that (ii) the New Master Supply and Services Agreement shall be of a term from 1 April 2025 to 31 March 2028, the New Master Supply and Services Agreement is substantially the same as the Existing Master Supply and Services Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) further details of the New Master Supply and Services Agreement and the transactions contemplated thereunder and the proposed annual caps; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from 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 New Master Supply and Services Agreement.

NEW MASTER SUPPLY AND SERVICES AGREEMENT

On 5 March 2025 (after trading hours), the Company entered into the New Master Supply and Services Agreement with EFT Payments, the principal terms of which are set out below:

Date

5 March 2025

Parties

The Company and EFT Payments

Nature of transaction

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 2025 and expiring on 31 March 2028.

Conditions precedent

The New Master Supply and Services Agreement is conditional upon (not to be waived by any of the parties) 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

LETTER FROM THE BOARD

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 market price of the relevant product will be determined by reference to the pricing terms of products of comparable specifications and quantities offered to at least two Independent Third Parties by the Group. The Company adopts a cost-plus approach that the prices for EFT-POS terminals have a 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, and that in any event shall be no less favourable to the Group than the standard minimum margin rate charged 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 ranged from HK\$10 to HK\$130 per month depending on the scope of services required, 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 market rates of the relevant service will be determined by reference to the pricing terms of services of comparable quality, scope and quantities offered to at least two Independent Third Parties by the Group. Separate fees would be charged for additional ad-hoc services not covered in the services agreements on a case by case basis, and such fees will be determined on an estimate of the number of man-power and time required (the price shall be calculated by multiplying the budgeted number of man-days to be incurred by the responsible staff with the cost of such staff per man-day, which cost is standard and comparable to that charged to Independent Third Parties) based on comparable services offered to at least two 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 (which in any event shall be no less favourable to the Group than the standard minimum margin rate charged to Independent Third Parties by the Group) 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. The market price of the relevant service will be determined by reference to the pricing terms of services of comparable size, complexity, required man-power and time for development offered to at least two Independent Third Parties by the Group.

LETTER FROM THE BOARD

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 at least quarterly 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 use such information to determine the standard minimum margin rate, which shall be the minimum margin charged to Independent Third Parties in the Review Period. The financial controller of the Company would make reference to such information before approving the price of EFT-POS terminals to be offered to EFT Payments. The financial controller 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 and the profit margin charged will be not less than 20%.

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 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 financial controller and/or management of the Company 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 financial controller and/or management of the Company would extend the Review Period to 12 months.

Further, the following procedures will be 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;

LETTER FROM THE BOARD

- 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 at least quarterly compare the prices of the products supplied under the master agreement to see if any prices are less favourable than that offered to 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.

HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS

The following table sets out the historical transaction amounts under the Existing Master Supply and Services Agreement and the annual caps for the corresponding years:

	For the year ended 31 March 2023 <i>HK\$'000</i> (audited)	For the year ended 31 March 2024 <i>HK\$'000</i> (audited)	For the nine months ended 31 December 2024 <i>HK\$'000</i> (unaudited)
Historical transaction amounts	<u>16,445</u>	<u>18,575</u>	<u>13,505</u>
	For the year ended 31 March 2023 <i>HK\$'000</i>	For the year ended 31 March 2024 <i>HK\$'000</i>	For the year ending 31 March 2025 <i>HK\$'000</i>
Existing annual caps	<u>23,000</u>	<u>23,000</u>	<u>25,000</u>

LETTER FROM THE BOARD

The proposed annual caps for each of the three years ending 31 March 2028 under the New Master Supply and Services Agreement are as follows:

	For the year ending 31 March 2026 HK\$'000	For the year ending 31 March 2027 HK\$'000	For the year ending 31 March 2028 HK\$'000
Annual caps	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

In determining the above annual caps, the Directors have taken in consideration various factors, including: (i) the historical transaction amounts under the Existing Master Supply and Services Agreement for the year ended 31 March 2023 and 2024 and the nine months ended 31 December 2024; (ii) the utilisation rates of the existing annual caps for the financial years ended 31 March 2023 and 2024 and for the financial year ending 31 March 2025; and (iii) the anticipated demand of EFT-POS terminals from EFT Payments and its subsidiaries for the three financial years ending 31 March 2028 (which is based on historical demand and discussion with the management of EFT Payments; it is anticipated that there will be a stable level of demand in EFT-POS terminals as a portion of the EFT-POS terminals previously provided to EFT Payments will come to the end of their service life, necessitating replacement with newer models in addition to deployment of new EFT-POS terminals at additional merchant locations).

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MASTER SUPPLY AND SERVICES AGREEMENT

With the continuous development of the digital payment market, especially the popularity of the QR code payment, Faster Payment System and e-wallet payment system, the Group considers that the opportunities for growth in provision of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services and software solution services remains favourable. Having considered the current market sentiment, the Group anticipates that the demand on EFT-POS terminals and peripheral devices from EFT payments will remain stable in the foreseeable future and the entering into the New Master Supply and Services Agreement would facilitate the Company to capture such market opportunity, which will in turn continue to enhance the revenue and profitability to the Group.

The Directors (including the Independent Board Committee) consider that the entering into of the New Master Supply and Services Agreement is on normal commercial terms, and in the Group's ordinary and usual course of business and the terms of the New Master Supply and Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION ABOUT THE GROUP AND EFT PAYMENTS

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

EFT Payments is principally engaged in promoting and marketing the acceptance of Alipay as means of electronic payment by merchants in Hong Kong and the PRC. 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. EFT Payments remains as the end customer of EFT-POS terminals and peripherals and system support services.

IMPLICATIONS UNDER THE GEM LISTING RULES

EFT Payments is indirectly owned as to 90% 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 New Master Supply and Services Agreement 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, as at the Latest Practicable Date, (i) LCK holds 350,640,000 Shares representing 73.05% of the issued share capital of the Company; and (ii) Mr. Lo holds 5,780,000 Shares representing 1.20% of the issued share capital of the Company.

As such, LCK and Mr. Lo, which are entitled to exercise control over the voting rights in respect of their Shares, shall abstain from voting at the EGM under the GEM Listing Rules. Apart from the above persons, the Directors are not aware of any other Shareholders who are required to abstain from voting on the proposed resolutions at the EGM.

At the Board meeting approving the New Master Supply and Services Agreement, other than Mr. Lo and his associates including Ms. Lam Ching Man (being Mr. Lo's spouse) 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 Directors had to abstain from voting on the relevant Board resolutions.

LETTER FROM THE BOARD

A notice convening the EGM to be held at 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong on Tuesday, 15 April 2025 at 10:00 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 New Master Supply and Services Agreement and the proposed annual caps.

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, MUFG Corporate Markets Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, 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 recommendation from the Independent Board Committee and all other factors stated above as a whole, the Directors (including the Independent Board Committee) are of the view that the New Master Supply and Services Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group and the terms of the New Master Supply and Services Agreement are fair and reasonable, 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 New Master Supply and Services Agreement and the transactions contemplated thereunder and the proposed annual caps.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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)

28 March 2025

To the Independent Shareholders

Dear Sirs,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
RELATING TO MASTER SUPPLY AND SERVICES AGREEMENT**

We refer to the circular dated 28 March 2025 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 New Master Supply and Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Details of the New Master Supply and Services Agreement are set out in the text of the Letter from the Board as set out on pages 4 to 11 of the Circular.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 13 to 31 of the Circular which contains, among others, its advice and recommendation to us as regards the terms of 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 the Independent Financial Adviser as stated in its aforementioned letter of advice, we consider that the New Master Supply and Services Agreement is entered into in the ordinary and usual course of business of the Group and the terms of the New Master Supply and Services Agreement are normal commercial terms; the New Master Supply and Services Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole; and that the annual caps and the terms of the New Master Supply and Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the New Master Supply and Services Agreement.

Yours faithfully

For and on behalf of the Independent Board Committee

Mr. Wong Ping Yiu

Independent non-executive Director

Mr. Chow Ka Wo Alex

Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Alpha Financial Group Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



28 March 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS RELATING TO MASTER SUPPLY AND SERVICES AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the New Master Supply and Services Agreement for the proposed annual caps of continuing connected transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular (the “**Circular**”) dated 28 March 2025 issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 5 March 2025 in relation to the Existing Master Supply and Services Agreement and the New Master Supply and Services Agreement. Pursuant to the Existing Master Supply and Services Agreement entered into between the Company and EFT Payments, the Company agreed to 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 2022 to 31 March 2025. As the Existing Master Supply and Services Agreement will expire on 31 March 2025, the Company entered into the New Master Supply and Services Agreement with EFT Payments on 5 March 2025 (after trading hours), 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 2025 to 31 March 2028. The 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, EFT Payments is indirectly owned as to 90% by Mr. Lo, the Chairman, the chief executive officer, the executive Director and the 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 New Master Supply and Services Agreement 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.

The EGM will be convened by the Company at which resolutions will be proposed to seek approval from the Independent Shareholders for the New Master Supply and Services Agreement and the proposed annual caps. According to the Letter from the Board, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, (i) LCK held 350,640,000 Shares, representing approximately 73.05% of the issued share capital of the Company; and (ii) Mr. Lo held 5,780,000 Shares, representing approximately 1.20% of the issue share capital of the Company. As such, LCK and Mr. Lo, which are entitled to exercise control over the voting rights in respect of their Shares, shall abstain from voting at the EGM under the GEM Listing Rules. Apart from the above persons, the Directors are not aware of any other Shareholder who are required to abstain from voting on the proposed resolution at the EGM.

As Mr. Lo and his associate including Ms. Lam Ching Man (being Mr. Lo's spouse) who were altogether considered to have material interests in the relevant transactions, they had abstained from voting on the relevant board resolutions at the Board meeting approving the New Master Supply and Services Agreement. Save as disclosed above, none of the other Directors had to abstain from voting on the relevant Board resolutions.

An independent board committee, comprising Mr. Chow Ka Wo Alex and Mr. Wong Ping Yiu, all of whom are independent non-executive Directors, has been formed to advise the Independent Shareholders as to the New Master Supply and Services Agreement, the transactions contemplated thereunder and the proposed annual caps.

OUR INDEPENDENCE

We, Alpha Financial Group Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the New Master Supply and Services Agreement and the proposed annual caps and the transaction contemplated thereunder. As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial Shareholders of the Company or EFT Payments or any of their respective subsidiaries or associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. In the previous two years, we have not acted as an independent financial adviser to the independent board committee and the Independent Shareholders of the Company for any transaction.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On the bases that apart from the normal professional fees paid or payable to us in connection with this engagement as the Independent Financial Adviser, no arrangement exists whereby we have received or will receive any fees or benefits from the Company or the Directors, chief executive and substantial Shareholders of the Company or any of their respective subsidiaries or associates or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we are considered to be eligible to give independent advice in respect of the terms of the New Master Supply and Services Agreement and the transaction contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true, accurate and complete in all material respects at the time they were made and continue to be true, accurate and complete in all material respects at the date of this Circular and continue to be so up to the date of the EGM, and Independent Shareholders will be informed of any material change of information in the Circular as soon as possible up to the date of the EGM. We have also relied on our discussion with the management of the Company (the “**Management**”) and its representatives regarding the Group and the representatives on the New Master Supply and Services Agreement and the transactions contemplated thereunder, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Management and its representatives respectively in the Circular were reasonably made after due enquiry.

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and its representatives. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, or their respective associates, nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the fairness and reasonableness in respect of the New Master Supply and Services Agreement and the transactions contemplated thereunder and the proposed annual caps, we have taken into consideration the following principal factors and reasons:

A. Background information on the Group and EFT Payments

1. Information on the Group

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

Set forth below are the summary of the financial performance of the Group for the six months ended 30 September 2024 (the “6M2024”) and 2023 (the “6M2023”) and the financial years ended 31 March 2024 (the “FY2024”) and 2023 (the “FY2023”), as extracted from the Company’s interim report for 6M2024 (the “Interim Report”) and annual report for the financial year ended 31 March 2024 (the “Annual Report”).

	For the year ended		For the six months ended	
	31 March		30 September	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	127,749	111,347	48,804	52,977
– Including revenue generated from EFT Payments	18,575	16,445	10,901	8,845
Net profit for the year/period	31,576	19,616	9,191	10,847

The revenue of the Group primarily represented the revenue from the sales of EFT-POS terminals and peripheral services and the provision of system support and software solution services. According to the Annual Report, the Group’s revenue increased from approximately HK\$111.3 million for FY2023 to approximately HK\$127.7 million for FY2024, representing an increase of approximately 14.7%. Such increase was mainly attributable to the increase in provision of system support and software solution services, and partially offset by the slight decrease in revenue derived from the sales of EFT-POS terminals and peripheral devices, mainly due to the fact that more entry level EFT-POS terminals were sold during FY2024. In particular,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Group recognised revenue of approximately HK\$18.6 million from EFT Payments for FY2024, representing (i) approximately 14.5% of the total revenue of the Group for FY2024; and (ii) an increase of approximately HK\$2.1 million or 13.0% as compared to that for FY2023. As a result of the increase in revenue and the increase in gross profit margin for the Group's provision of system support and software solution services business, the Group's net profit for the year increased from approximately HK\$19.6 million for FY2023 to approximately HK\$31.6 million for FY2024, representing an increase of approximately 61.0%.

According to the Interim Report, the Group's revenue decreased from approximately HK\$53.0 million for 6M2023 to approximately HK\$48.8 million for 6M2024, representing a slight decrease of approximately 7.9%. Such decrease was mainly attributable to the decrease in sales of EFT-POS terminals and peripheral devices. Despite such decrease, the Group recognised revenue of approximately HK\$10.9 million from EFT Payments for 6M2024, representing (i) approximately 22.3% of the total revenue of the Group for 6M2024; and (ii) an increase of approximately HK\$2.0 million or 23.2% as compared to that for 6M2023. As a result of the decrease in revenue and the increase in administrative expenses, the Group's net profit for the period decreased from approximately HK\$10.8 million for 6M2023 to approximately HK\$9.2 million for 6M2024, representing a decrease of approximately 15.3%.

Having considered (i) the relatively stable performance of the Group's revenue generated from sales of EFT-POS terminals and peripheral services and the provision of system support and software solution services; and (ii) the revenue generated from EFT Payments demonstrated an increasing trend since FY2024 to 6M2024, being approximately HK\$8.8 million for 6M2023 (i.e. first half of FY2024), HK\$9.7 million for the second half of FY2024 and HK\$10.9 million for 6M2024 (i.e. first half of FY2025), we are of the view and concur with the view of the Management that entering into 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 the Shareholders as a whole.

2. Information on EFT Payments

EFT Payments is 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. EFT Payments remains as the end customer of EFT-POS terminals and peripherals and system support services.

B. The New Master Supply and Services Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps

1. Background and reasons for and benefits of the New Master Supply and Services Agreement

As stated in the Letter from the Board, the Board is of the view that with the continuous development of the digital payment market, especially the popularity of the QR code payment, Faster Payment System and e-wallet payment system, the Group considers that the opportunities for growth in provision of EFT-POS terminals and peripheral devices and provision of EFT-POS system support services and software solution services remains favourable. Having considered the current market sentiment, the Group anticipates that the demand on EFT-POS terminals and peripheral devices from EFT Payments will remain stable in the foreseeable future and hence, the Directors consider it is beneficial for the Group to conduct transactions under the New Master Supply and Services Agreement in order to seize the opportunity of the increasing demand of digital payments, which will in turn continue to enhance the revenue and profitability to the Group. In addition, we have analysed the market of electronic fund transfer terminals in Hong Kong.

The market of the electronic fund transfer (EFT) terminals in Hong Kong

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. The EFT-POS terminals are known as stored value facilities (“SVF”) pursuant to the “Explanatory Note on Licensing for Stored Value Facilities” issued by the Hong Kong Monetary Authority (“HKMA”) in January 2019¹, which defined a facility as a 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

¹ https://www.hkma.gov.hk/media/eng/doc/key-functions/financial-infrastructure/infrastructure/retail-payment-initiatives/Explanatory_note_on_licensing_for_SVF.pdf

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (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.

The HKMA regularly publishes statistics relating to SVF² in Hong Kong. We have analysed the statistics extracted from the quarterly reports published on 21 March 2025, 20 December 2024, 21 June 2024, 15 September 2023, 17 March 2023 and 16 September 2022 to assess the market trend of SVF in Hong Kong which reflects the demand for EFT-POS terminals and relevant system support services and are summarised below.

	2022	2023	2024
Total number of SVF transactions from point-of-sale spending payment ('000)	5,499,838	6,170,583	6,152,796
Total value of SVF transactions from point-of-sale spending payment (HK\$ million)	173,742	180,279	177,627
Total number of SVF accounts in use ('000)	61,467	71,428	79,782

Note: "Total number of SVF accounts in use" refers to the total number of SVF accounts that can be used as at the end of the reporting period.

Based on the statistics above, it is noted that the market of electronic fund transfer and the SVF market demonstrated an increasing trend in 2023. In particular, the total number of SVF transactions from point-of-sale spending payment increased from approximately 5,499.8 million for 2022 to approximately 6,170.6 million for 2023, representing an increase of approximately 12.2%. The total value of SVF transaction from point-of-sale spending payment increased from approximately HK\$173,742 million for 2022 to approximately HK\$180,279 million for 2023, representing an increase of approximately 3.4%. Accordingly, the total number of SVF accounts in use increased from 61.5 million at the end

² <https://www.hkma.gov.hk/eng/news-and-media/press-releases/?&t=1739345707654>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of 2022 to 71.4 million at the end of 2023, representing an increase of approximately 16.2%.

In 2024, the number and total value of SVF transactions remained tremendous despite a slight slowdown as compared to 2023. The total number of SVF transactions from point-of-sale spending payment was 6,152.8 million in 2024, which represented a decrease of approximately 0.3% as compared to that for 2023. The total value of such transactions was HK\$177,627 million in 2024, which represented a decrease of approximately 1.5% as compared to that for 2023. Nevertheless, total number of SVF accounts in use in Hong Kong maintained an increasing trend, reaching 79.8 million by the end of 2024.

In addition, pursuant to the Policy Address 2024, the Hong Kong Government will continue to promote the development of, among others, mobile payment in Hong Kong. Mr. Paul Chan, the Financial Secretary of Hong Kong, further elaborated in a press conference³ relating to the Policy Address 2024 on 17 October 2024 that the Hong Kong Government would encourage the exploration of more electronic payment application scenarios. Further, on 20 November 2024, Mr. Christopher Hui, the Secretary for Financial Services and the Treasury, elaborated in the Legislative Council⁴ that the Hong Kong Government had all along been committed to promoting bureaux and departments to provide electronic payment (e-payment) options for government fee items and planned to further facilitate the public to settle government bills via e-payment by introducing a bill payment function under the “iAM Smart” in the first quarter of 2025.

Based on the above, we noted that (1) the market of SVF transactions in Hong Kong is huge; (2) the number of SVF accounts is growing constantly from 61.5 million by the end of 2022 to 71.4 million by the end of 2023 and reaching 79.8 million by the end of 2024; and (3) the Hong Kong Government has been promoting electronic payment and encouraging the increase in application scenarios of electronic payment. Hence, it is expected that there will be a stable demand on EFT-POS terminals in the foreseeable future and entering into the New Master Supply and Services Agreement would facilitate the Company to further capture such market opportunity, which is in the interest of the Company and the Shareholder as a whole.

³ <https://news.rthk.hk/rthk/ch/component/k2/1774989-20241017.htm>

⁴ <https://www.info.gov.hk/gia/general/202411/20/P2024112000257.htm?fontSize=1>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Principal terms of the New Master Supply and Services Agreement

Below are the principal terms of the New Master Supply and Services Agreement:

Date:	5 March 2025
Parties:	The Company and EFT Payments
Nature of the transactions:	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 2025 and expiring on 31 March 2028
Conditions precedent:	The New Master Supply and Services Agreement is conditional upon (not to be waived by any of the parties), 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 the Independent Shareholders' approval requirements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing policy:

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 market price of the relevant product will be determined by reference to the pricing terms of products of comparable specifications and quantities offered to at least two Independent Third Parties by the Group. The Company adopts a cost-plus approach that the prices for EFT-POS terminals have a 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, and that in any event shall be no less favourable to the Group than the standard minimum margin rate charged to Independent Third Parties by the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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\$10 to HK\$130 per month depending on the scope of services required, 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 market rates of the relevant service will be determined by reference to the pricing terms of services of comparable quality, scope and quantities offered to at least two Independent Third Parties by the Group. Separate fees would be charged for additional ad-hoc services not covered in the services agreements on a case by case basis, and such fees will be determined on an estimate of the number of man-power and time required (the price shall be calculated by multiplying the budgeted number of man-days to be incurred by the responsible staff with the cost of such staff per man-day) based on comparable services offered to at least two Independent Third Parties by the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 (which in any event shall be no less favourable to the Group than the standard minimum margin rate charged to Independent Third Parties by the Group) 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. The market price of the relevant service will be determined by reference to the pricing terms of services of comparable size, complexity, required man-power and time for development offered to at least two Independent Third Parties by the Group.

Proposed annual caps:

Please refer to the section headed "3. The proposed annual caps" below.

Our review on the pricing policy

We note that the pricing policies set out in the New Master Supply and Services Agreement were similar to those set out in the Existing Master Supply and Services Agreement. As such, we have reviewed the historical transactions of the Group under the Existing Master Supply and Services Agreement to assess whether the Company properly applied the pricing policies under the Existing Master Supply and Services Agreement and would continue to apply such pricing policies for the transactions contemplated under the New Master Supply and Services Agreement. To begin with, we obtained the list of transactions between the Group with EFT Payments under the Existing Master Supply and Services Agreement (the "**EFT Payments Transaction List**") for the period from 1 April 2022 (being the effective date of the Existing Master Supply and Services Agreement) until the date of the New Master Supply and Services Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the EFT Payments Transaction List, we selected the sample transactions for the Group's sales of EFT-POS terminals and peripheral devices, provision of system support services and software solution services for our review.

In respect of the sales of EFT-POS terminals and peripheral devices, we selected six transaction samples for each of the financial year ended 31 March 2023 and 2024 and the financial year ending 31 March 2025 based on the EFT Payments Transaction List on a random basis and obtained and reviewed the corresponding transaction documents. For each of such samples obtained, we have further obtained two comparable transactions with Independent Third Party of the Group conducted at the relevant time in respect of sales of products with comparable specifications and quantities. For each set of transaction samples obtained, we have (1) compared the devices sold to EFT Payments and to Independent Third Parties to ensure they were identical or comparable; (2) checked the transaction dates to ensure that they were conducted within a reasonable timeframe; and (3) compared the transaction prices to ensure the transaction prices regarding the devices sold to EFT Payments were not lower than those sold to Independent Third Parties. Based on the samples obtained and review, we noted that the transaction prices in respect of the Group's sales of EFT-POS terminals and peripheral devices to EFT Payments were no less favourable than the prices offered to Independent Third Party.

In respect of the provision of system support services and software solution services, we selected six transaction samples for each of the financial year ended 31 March 2023 and 2024 and the financial year ending 31 March 2025 based on the EFT Payments Transaction List on a random basis and obtained and reviewed the corresponding transaction documents. For each of such samples obtained, we have further obtained two comparable transactions with Independent Third Party of the Group conducted at the relevant time in respect of provision of services with comparable scope. For each set of transaction samples obtained, we have (1) compared the services rendered to EFT Payments and to Independent Third Parties to ensure they were identical or comparable; (2) checked the transaction dates to ensure that they were conducted within a reasonable timeframe; and (3) compared the transaction prices to ensure the transaction prices regarding the services rendered to EFT Payments were not lower than those rendered to Independent Third Parties. Based on the samples obtained and review, we noted that the transaction prices in respect of the Group's provision of system support services and software solution services were no less favourable than the prices offered to Independent Third Party.

Given that (1) the objective of our review on transaction samples is to obtain an understanding on the transaction process between the Group and EFT Payments or Independent Third Parties and the implementation of the pricing policies; (2) the said samples covered the sales transactions for each of the relevant years under the Existing Master Supply and Services Agreement, which

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

are considered representative and enable us to understand the Group's ongoing transaction process; (3) the transactions contemplated under the Existing Master Supply and Services Agreement are recurring in nature with large transaction volume and hence, the transactions processes of which are standardised and are reasonably expected to be represented by the said samples; and (4) our review of samples is to be satisfied that there are comparable transactions available for determining the fairness and reasonableness of the transaction terms and prices with EFT Payments and hence, the pricing policy has been properly implemented, we consider the said sample documents reviewed are fair and representative that suffice for us to gain the relevant understanding.

Based on the above, we are of the view that the principal terms of the New Master Supply and Services Agreement are of normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Company and Shareholders as a whole. In particular, on the bases that (1) the pricing policy facilitates that the pricing of relevant transactions is determined at normal commercial terms (including comparing the price to that between the Company and independent third parties in a similar transaction) so that the benefits of the Company would not be jeopardized; and (2) the transaction prices in respect of the transactions between the Company and EFT Payments were at normal commercial terms and/or no less favourable to that with independent third parties pursuant to our review on transactions documents as mentioned above, we are of the view that the pricing policy is fair and reasonable and in the interest of the Company and its Shareholders.

3. The proposed annual caps

The following table sets out the proposed annual caps for each of the three years ending 31 March 2028 as set out in the New Master Supply and Services Agreement, respectively:

	For the year ending 31 March		
	2026	2027	2028
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed annual caps	25,000	25,000	25,000

As advised by the management of the Company, in determining the above annual caps, the Directors have considered (i) the historical transaction amounts under the Existing Master Supply and Services Agreement for each of the two years ended 31 March 2023 and 2024, and the nine months ended 31 December 2024; and (ii) the expected demand and/or sales and deployment of terminals for the financial year ending 31 March 2025 and the three financial years ending 31 March 2026, 2027 and 2028.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (i) *Historical transaction amounts under the Existing Master Supply and Services Agreement and respective utilisation rates of the existing annual caps*

The table below sets forth the existing annual caps under the Existing Master Supply and Services Agreement, the relevant historical transaction amounts and utilisation rates for the years ended 31 March 2023 and 2024 and for the nine months ended 31 December 2024:

	For the financial year ended 31 March		For the nine months ended 31 December
	2023	2024	2024
The existing annual cap (<i>HK\$'000</i>)	23,000	23,000	25,000 ^(Note)
Historical transaction amount (<i>HK\$'000</i>)	16,445	18,575	13,505
Utilisation rate	71.5%	74.3%	54.0%

Note: The annual cap for the financial year ending 31 March 2025.

As set out in the table above, the utilisation rate of the existing annual caps for the financial years ended 31 March 2023 and 2024 and for the nine months ended 31 December 2024 were 71.5%, 74.3% and 54.0%, respectively. Based on historical transaction amounts for the nine months ended 31 December 2024, the annualised utilisation rate for the financial year ending 31 March 2025 would be approximately 72.0%. These utilisation rates demonstrated a stable and reasonable utilisation of the existing annual caps during the aforesaid periods. As discussed with the Management, in light of the reasonably high utilisation rate of the existing annual cap of approximately 72.0% for FY2025, the Company decided to maintain the proposed annual caps at HK\$25.0 million for each of the financial years ending 31 March 2026, 2027 and 2028. Taking into account (1) the stable and reasonable utilisation of the existing annual caps during the aforesaid periods; (2) the fact that the recent market condition of electronic transfer payment or SVF transaction is stable; and (3) the fact that the Company had decided not to increase the proposed annual caps as compared to the existing annual cap for FY2025, we are of the view that the proposed annual caps are reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) The scale and trend of SVF transactions in Hong Kong

As set out in the paragraphs headed “The market of the electronic fund transfer (EFT) terminals in Hong Kong”, according to the statistics relating to SVF transaction from the HKMA, it was noted that the market of electronic fund transfer and the SVF market demonstrated an increasing trend in 2023, in which the total number of SVF transactions from point-of-sale spending payment, the total value of SVF transaction from point-of-sale spending payment and the total number of SVF accounts in use increase as compared to those in 2022. Despite the fact that the number and total value of SVF transactions slowed down during year 2024, the numbers remained tremendous. Nevertheless, the total number of SVF accounts in use in Hong Kong maintained an increasing trend, which increased from 71.4 million at by the end of 2023 to 79.8 million by the end of 2024. Based on the above, we are not aware of any material evidence of any significant decline in the market of electronic transfer payment or SVF transaction and hence, we are of the view that the proposal annual caps are reasonable.

4. Internal control policies

As extracted from the Letter from the Board, the Company, the Group have implemented the following internal control measures to monitor the continuing connected transactions:

- (i) 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 at least quarterly to ensure that the prices offered to EFT Payments will be no less favourable than that offered to the Independent Third Parties;
- (ii) 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 financial controller of the Company would make reference to such information before approving the price of EFT-POS terminals to be offered to EFT Payments. The financial controller 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 and the profit margin charged will be not less than 20%;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) 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 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;
- (iv) The financial controller and/or management of the Company 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 financial controller and/or management of the Company would extend the Review Period to 12 months or ensure the profit margin charged for EFT-POS terminals will be not less than 20%;
- (v) 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;
- (vi) 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 those offered to Independent Third Parties of comparable quality, quantity and specifications;
- (vii) 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 the Shareholders as a whole; and
- (viii) 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 INDEPENDENT FINANCIAL ADVISER

In respect of the above internal control procedures, we have performed the below:

- (i) based on our review of transaction documents as set out in paragraphs headed “Our review on the pricing policy” above, we noted that in respect of the Group’s sales of EFT-POS terminals to EFT Payments and provision of monthly system support and software solution service, the relevant sale prices or service fees charged to EFT Payments were no less favourable than those charged to Independent Third Parties regarding the sales of products of comparable quality, quantity and specifications and provision of services of comparable labour and time requirements;
- (ii) obtained the records of the unit prices of products sold by the Group maintained by the sales department for determining the price ranges for the products to be sold to connected parties;
- (iii) discussed with the finance staff of the Company and understood that the financial department’s staff are aware of the internal control procedures and would comply with internal control procedures measures when conducting continuing connected transactions contemplated under the New Master Supply and Services Agreement;
- (iv) reviewed the transaction documents regarding the Group’s transactions with EFT Payments and with Independent Third Parties and noted that the prices of products and services supplied to EFT Payments were not less favourable than the similar products and services supplied to Independent Third Parties;
- (v) obtained and reviewed the confirmation of annual review on continuing connected transactions by the independent non-executive directors for FY2023 and FY2024 for the purpose of ensuring the transactions contemplated under the Existing Master Supply and Services Agreement have been within the ordinary businesses of the Group, on normal commercial terms and in accordance with the Existing Master Supply and Services Agreement without exceeding the existing annual caps; and
- (vi) obtained and reviewed the assurance reports issued by the auditor of the Company regarding the continuing connected transactions of the Group for FY2023 and FY2024.

In consideration of the above, we concur with the Directors that the internal control procedures are in place to ensure continuing connected transaction under the New Master Supply and Services Agreement will be conducted on normal commercial terms and the effective implementation of these measures shall safeguard the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the terms of the continuing connected transactions contemplated thereunder the New Master Supply and Services Agreement are in ordinary course of business of the Group, on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the New Master Supply and Services Agreement and the transactions contemplated thereunder and the proposed annual caps and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited

Cheng Chi Ming, Andrew
Managing Director

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited

Irene Ho
Vice President

Note: Mr. Cheng Chi Ming, Andrew is the Managing Director of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheng has over 22 years of experience in the corporate finance industry in Hong Kong.

Ms. Irene Ho is the Vice President of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activities. Ms. Ho has over 10 years of experience in the corporate finance industry in Hong Kong.

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 or this circular 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	350,640,000	73.05%
	Beneficial owner	1	5,780,000	1.20%
Ms. Lam Ching Man	Interest of spouse	2	356,420,000	74.25%

Notes:

- Mr. Lo is interested in the entire issued share capital of LCK and he is therefore deemed to be interested in the 350,640,000 Shares held by LCK by virtue of the SFO.
- 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</i>)	Beneficial owner	350,640,000	73.05%

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. None of the Directors is a director or employee of the companies disclosed above 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 COMPETING BUSINESS

As at the Latest Practicable Date, none of our Directors, our controlling Shareholders and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. 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 2024, being the date to which the latest published audited financial statements of the Group were made up.

7. 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 2024 (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.

8. QUALIFICATIONS OF EXPERTS

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

Name	Qualification
Alpha Financial Group Limited	corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Alpha Financial Group 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, Alpha Financial Group 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, Alpha Financial Group Limited did not have any direct or indirect interest in any assets which have been since 31 March 2024 (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.

9. DOCUMENTS ON DISPLAY

A copy of the New Master Supply and Services Agreement will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.eftsolutions.com, respectively, for a period of 14 days from the date of this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong on Tuesday, 15 April 2025 at 10:00 a.m., to consider and, if thought fit, to pass the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the New Master Supply and Services Agreement dated 5 March 2025 entered into between the Company and EFT Payments and the transactions contemplated thereunder and the proposed 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, 28 March 2025

Notes:

- 1. Capitalised terms defined in the circular of the Company dated 28 March 2025 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, MUFG Corporate Markets Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, 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 Thursday, 10 April 2025 to Tuesday, 15 April 2025, 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, MUFG Corporate Markets Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong, not later than 4:30p.m. on Wednesday, 9 April 2025.
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 of the date of this notice, the Board comprises executive Director Mr. Lo Chun Kit Andrew; non-executive Directors Ms. Lam Ching Man and Mr. Lui Hin Weng Samuel; and independent non-executive Directors Mr. Chow Ka Wo Alex and Mr. Wong Ping Yiu.