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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)

**VERY SUBSTANTIAL DISPOSAL AND
CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF 70% OF THE ISSUED SHARE
CAPITAL OF EARN WORLD DEVELOPMENT LIMITED
AND
RESUMPTION OF TRADING**

Financial adviser to the Company



THE DISPOSAL

The Board announces that on 11 October 2019 (after trading hours), the Vendor, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the Sale Shares at the Consideration of HK\$210,000,000. Upon Completion, the Group will cease to have any interest in the Disposal Company, and the financial results of the Disposal Company will no longer be consolidated in the accounts of the Group.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Disposal Company is an indirect non-wholly owned subsidiary of the Company owned as to 70% by the Vendor which is a directly wholly owned subsidiary of the Company whereas the Purchaser is a substantial shareholder of the Disposal Company as the Purchaser holds 30% of the issued share capital of the Disposal Company. Therefore, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

Furthermore, as one or more of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 19 of the GEM Listing Rules.

Accordingly, the Disposal is subject to the notification, announcement, circular and shareholders' approval requirements under Chapters 19 and 20 of the GEM Listing Rules.

GENERAL INFORMATION

An extraordinary general meeting will be convened and held for the independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Disposal. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its associates do not hold any Shares as at the date of this announcement and accordingly, no Shareholder has a material interest in the Disposal. As such, no Shareholder is expected to be required to abstain from voting at the extraordinary general meeting in respect of the resolution(s) approving the Sale and Purchase Agreement and the Disposal.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) other information as required under the GEM Listing Rules; and (iii) the notice of the extraordinary general meeting is expected to be despatched to the Shareholders on or before 30 November 2019, as additional time is required to prepare the information to be included in the circular.

Completion of the Disposal is subject to the satisfaction of the conditions precedent to the Sale and Purchase Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING

Pending the release of this announcement, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 14 October 2019 at the request of the Company. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 16 October 2019.

INTRODUCTION

Reference is made to the announcements of the Company dated 13 November 2017, 19 January 2018, 28 February 2018, 29 March 2018, 30 April 2018 and 31 May 2018 and the circular of the Company dated 14 May 2018 in respect of the Previous Acquisition. On 19 January 2018, the Vendor entered into the Previous Agreement to acquire 70% of the Disposal Company from the Purchaser at the consideration of HK\$210,000,000, which constituted a major transaction of the Company. Upon the completion of the Previous Acquisition on 31 May 2018, the Disposal Company became an indirect non-wholly owned subsidiary of the Company which is owned as to 70% by the Vendor and 30% by the Purchaser, respectively.

THE DISPOSAL

The Board announces that on 11 October 2019 (after trading hours), the Vendor and the Purchaser entered into the Sale and Purchase Agreement in respect of the Disposal.

The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date

11 October 2019 (after trading hours)

Parties

- (i) The Purchaser; and
- (ii) The Vendor, a direct wholly owned subsidiary of the Company

The Purchaser is a substantial shareholder of the Disposal Company which is an indirect non-wholly owned subsidiary of the Company. Accordingly, the Purchaser is a connected person of the Company. The Purchaser is directly, legally and beneficially owned as to 100% by Mr. Ng, who is the chief executive officer of BOSS, a non-wholly owned subsidiary of the Company.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, being 70% of the issued share capital of the Disposal Company.

Consideration

The Consideration is HK\$210,000,000 and shall be payable by the Purchaser to the Vendor in the following manner:

- (i) HK\$12,800,000, representing the first four instalments of the cash portion of the consideration for the Previous Acquisition which have already been paid by the Group pursuant to the Previous Agreement, by way of cheque (or such other method as the Vendor may agree) in the following manner:
 - a. HK\$3,200,000 shall be payable within one (1) month after the Completion Date;
 - b. HK\$6,400,000 shall be payable within three (3) months after the Completion Date; and
 - c. HK\$3,200,000 shall be payable within two (2) years after the Completion Date;
- (ii) HK\$3,200,000, representing the final instalment of the cash portion of the consideration for the Previous Acquisition which remains unsettled by the Group pursuant to the Previous Agreement, by way of waiver by the Purchaser of such payment obligation on the part of the Group; and
- (iii) HK\$194,000,000, representing the aggregate principal amount of the Promissory Notes issued by the Company to the Purchaser pursuant to the Previous Agreement, by way of waiver by the Purchaser of such Promissory Notes, all coupon interest accrued up to the Completion Date which amounts to approximately HK\$10,347,000 (unaudited) as at 30 September 2019 and all payment obligation thereunder.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser and was determined with reference to: (i) the historical financial performance of the Disposal Group; (ii) the future prospects of the Disposal Group; (iii) the reasons for and benefits of the Disposal as stated in the section headed "Reasons for and benefits of the Disposal" in this announcement; and (iv) the 100% equity value of BOSS and BOSS GZ of approximately HK\$210 million, with reference to the preliminary draft valuation of BOSS and BOSS GZ as at 30 June 2019 compiled by an independent valuer adopting the market approach methodology.

Conditions precedent

Completion is conditional upon fulfilment (or waiver by the Purchaser) of the following conditions:

- (i) all necessary consents, approvals, permits, authorisations, waivers or notices required to be obtained on the part of the Vendor having obtained from the relevant third parties (if required) in connection with the transactions contemplated under the Sale and Purchase Agreement;
- (ii) EFT Solutions Limited (a wholly owned subsidiary of the Company) having waived the Indebtedness Amount;
- (iii) the warranties and representations as referred to in the Sale and Purchase Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and Completion and the Vendor having fully performed and complied with its obligations, agreements and covenants under the Sale and Purchase Agreement; and
- (iv) the Company having obtained approval from the independent Shareholders at the extraordinary general meeting in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder; and having complied with the GEM Listing Rules and the requirements of the Stock Exchange.

The Purchaser may waive all or any of the conditions (other than condition (iv) above) at any time by notice in writing to the Vendor.

Completion

Completion shall take place on the Completion Date subject to the fulfilment or waiver of the conditions mentioned above. If the above conditions are not satisfied (or waived) on or before 31 December 2019 (or such other date as the parties may agree), the parties shall not be bound to proceed with the Sale and Purchase Agreement, whereby the Sale and Purchase Agreement shall cease to be of any effect save and except certain clauses therein which shall remain in force and save in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement.

INFORMATION ON THE GROUP AND THE VENDOR

The Group is principally engaged in the provision of EFT-POS solutions focusing on providing EFT-POS terminal and peripheral device sourcing, EFT-POS system support services and software solution services. The Vendor is principally engaged in investment holding and a wholly owned subsidiary of the Company.

INFORMATION ON THE PURCHASER

Based on the information provided by the Purchaser, the Purchaser is a company incorporated in the British Virgin Islands with limited liability and is directly, legally and beneficially owned as to 100% by Mr. Ng, who is the chief executive officer of BOSS. The Purchaser is principally engaged in investment holding and currently holds 30% of the issued share capital of the Disposal Company. Mr. Ng has over 15 years of experience in the information technology and software system industry. The Disposal Company was indirectly held as to 100% by Mr. Ng prior to the Previous Acquisition.

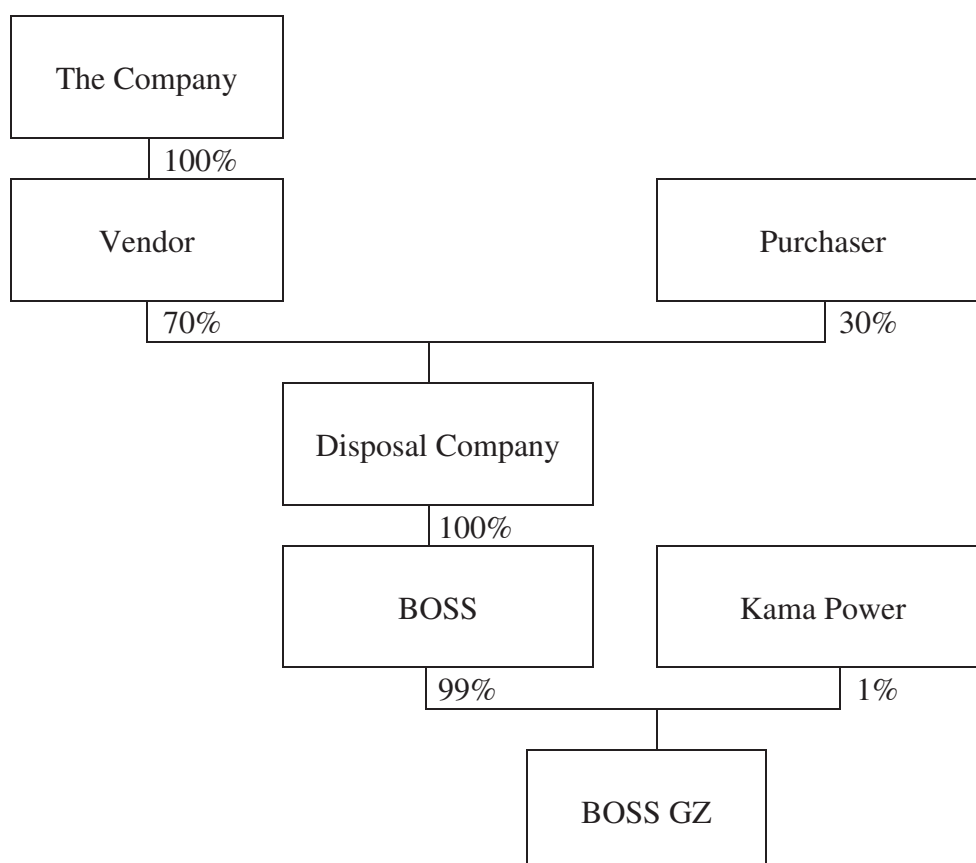
INFORMATION ON THE DISPOSAL GROUP

The Disposal Company is an investment holding company incorporated in the British Virgin Islands with limited liability and is owned as to 70% by the Vendor and 30% by the Purchaser as at the date of this announcement. Upon Completion, the Purchaser will hold the entire issued share capital of the Disposal Company. The Disposal Company owns 100% of the issued share capital of BOSS, which in turn owns 99% equity interest in BOSS GZ. The remaining 1% equity interest of BOSS GZ is owned by Kama Power. Save for its interests in BOSS, the Disposal Company has no material operation and assets. The Disposal 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.

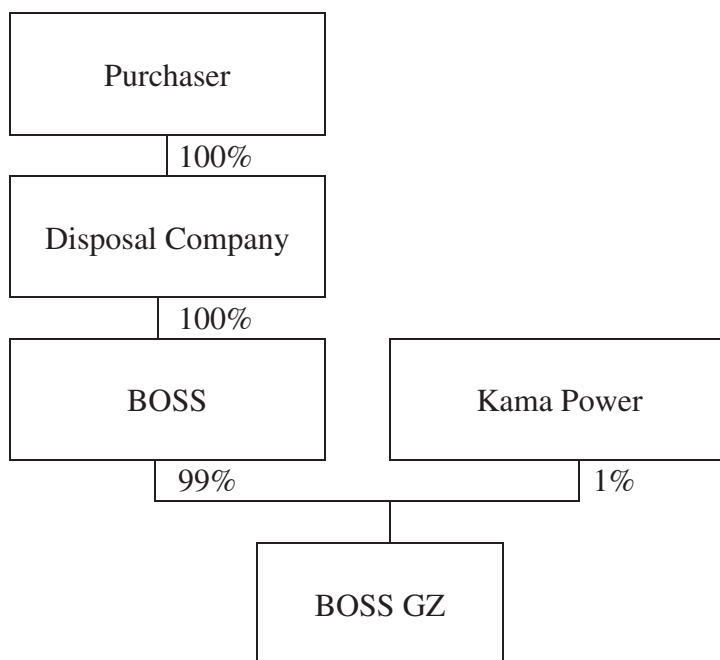
The following is a summary of the audited consolidated financial information of BOSS:

	Year ended 31 March	
	2018	2019
	(audited) <i>HK\$'000</i>	(audited) <i>HK\$'000</i>
Revenue	20,905	26,842
Profit before tax	14,948	19,547
Profit after tax attributable to owners	12,352	16,210
Net assets attributable to owners (as at period end)	17,476	33,539

The following diagram sets forth the group structure of the Disposal Group as at the date of this announcement:



The following diagram sets forth the group structure of the Disposal Group immediately after Completion:



REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group acquired the Disposal Company in 2018 in the hope that the Previous Acquisition would enlarge the market share of the Group’s software solutions business and explore more business opportunities in payment solutions so as to strengthen the Company’s financial position and maintain its growth in Hong Kong. However, after the completion of the Previous Acquisition, the synergy effects between the Group and the Disposal Company as originally envisaged at the time of the Previous Acquisition have not materialised, in particular:

- (i) As stated in the paragraph headed “Letter from the Board – Reasons for and benefits of the acquisition” in the Previous Circular, the Company anticipated that it will be able to integrate its EFT-POS terminals and software solutions with the Disposal Group’s retail point-of-sales system. However, after the completion of the Previous Acquisition, the Group (excluding the Disposal Group) and the Disposal Group had encountered difficulties in the actual implementation of such plans due to the need to match various technical requirements of the different merchant acquirers respectively engaged by the Group (excluding the Disposal Group) and the Disposal Group, and difficulties in certifying the application programming interface (API) involved in the payment systems by large scale retail chains and financial institutions involved.

- (ii) It is also stated in the same paragraph in the Previous Circular that the Company can make use of the Disposal Group's existing strong client base to explore more business opportunities in payment solutions industry. However, after the completion of the Previous Acquisition, the Group (excluding the Disposal Group) was unable to capture any of the Disposal Group's existing clientele for its EFT-POS solutions business because the Disposal Group's existing clients prefer to obtain the point-of-sales systems which are equivalent to the EFT-POS solutions from the credit card companies or banks directly.

- (iii) It is further stated in the same paragraph in the Previous Circular that the Company can make use of the technology of Open Sparkz Pty Ltd ("**Open Sparkz**"), an Australian based company principally engaged in highly automated offers and rewards solutions using front of wallet credit, debit and prepaid cards and in which the Company holds approximately 20% interest, to upgrade the retail reward and loyalty membership program by deploying the integration with the point-of-sales system and software solutions of the Disposal Group. However, in implementation, the Group had encountered difficulties to make use of the technology of Open Sparkz as anticipated since the Company has only a minority stake in Open Sparkz and was not able to convince the majority shareholders of Open Sparkz to agree to invest in, expand and penetrate to the Hong Kong market in foreseeable future.

Furthermore, it has come to the Board's attention that the financial condition of the Disposal Group has significantly deteriorated subsequent to the year ended 31 March 2019 although the Relevant Guaranteed Amounts (as defined in the Previous Circular) for the year ended 31 March 2019 had been fulfilled as disclosed in the Company's announcement dated 26 June 2019. As mentioned in the section headed "Information on the Disposal Group" above, the Disposal Group 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. Due to the ongoing social unrests in Hong Kong, the retail sector has been adversely affected in a significant manner with negative market sentiment, reduced number of customers who are willing to take up retail spending and dramatic drop in number of tourists visiting Hong Kong. This has resulted in a significant decrease in retail spending in recent months and is expected to continue to affect the retail sector in the foreseeable future. Given local retail merchants are the end customers of the Disposal Group and those merchants are adversely affected by the ongoing social unrests, the Board currently holds a pessimistic view on the future prospects and development of the Disposal Group.

In light of the above, the Board decided to focus on development of the Group's (excluding the Disposal Group) core principal businesses. The Directors considered that the Disposal would represent an opportunity for the Group to unwind the Previous Acquisition at its original consideration. Further, the modes of settlement of the Consideration will enhance the working capital condition of the Group by way of relieving its remaining payment obligations arising out of the Previous Acquisition, in particular, the repayment obligations of the Company under the Promissory Notes (including accrued interests thereunder) and enable it to allocate more resources to develop its core principal businesses.

Accordingly, the Directors (excluding the independent non-executive Directors who will form their view after taking into account the advice to be given by the independent financial adviser) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon the Completion, the Disposal Company will cease to be an indirect non-wholly owned subsidiary of the Company, and the financial results of the Disposal Company will no longer be consolidated in the accounts of the Group.

It is expected that the Group will record an unaudited loss from the Disposal of approximately HK\$21.2 million (before taxes), which is calculated with reference to (i) the present value of the consideration of the Previous Acquisition (being HK\$210.0 million) of approximately HK\$204.7 million; (ii) the unaudited carrying amount of the Disposal Group recorded in the books and records of the Company as at 30 September 2019 of approximately HK\$234.8 million (after taking into account the waiver of the Indebtedness Amount); (iii) the estimated gain arising out of the waiver of the interests of the Promissory Notes of approximately HK\$10.3 million; and (iv) the estimated expenses in connection with the Disposal of approximately HK\$1.4 million.

The exact amount of loss from the Disposal to be recorded in the consolidated statement of profit or loss of the Group for the year ending 31 March 2020 is subject to audit, and will be calculated based on the financial condition of the Disposal Company as at the Completion Date and net of any incidental expenses and therefore may be varied from the figure provided above.

The Group intends to apply the cash portion of the Consideration for the purpose of general working capital.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Disposal Company is an indirect non-wholly owned subsidiary of the Company owned as to 70% by the Vendor which is a directly wholly owned subsidiary of the Company whereas the Purchaser is a substantial shareholder of the Disposal Company as the Purchaser holds 30% of the issued share capital of the Disposal Company. Therefore, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

Furthermore, as one or more of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 19 of the GEM Listing Rules.

Accordingly, the Disposal is subject to the notification, announcement, circular and shareholders' approval requirements under Chapters 19 and 20 of the GEM Listing Rules.

GENERAL INFORMATION

The Independent Board Committee has been established to advise the independent Shareholders (i) as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Disposal, are fair and reasonable so far as the independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole; and (ii) on how to vote in respect of the Sale and Purchase Agreement and the Disposal at the Company's extraordinary general meeting to be held after taking into account the recommendation of the independent financial adviser to be appointed by the Company. An independent financial adviser will be appointed to advise the Independent Board Committee and the independent Shareholders in this regard.

An extraordinary general meeting will be convened and held for the independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Disposal. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its associates do not hold any Shares as at the date of this announcement and accordingly, no Shareholder has a material interest in the Disposal. As such, no Shareholder is expected to be required to abstain from voting at the extraordinary general meeting in respect of the resolution(s) approving the Sale and Purchase Agreement and the Disposal.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) other information as required under the GEM Listing Rules; and (iii) the notice of the extraordinary general meeting is expected to be despatched to the Shareholders on or before 30 November 2019, as additional time is required to prepare the information to be included in the circular.

Completion of the Disposal is subject to the satisfaction of the conditions precedent to the Sale and Purchase Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING

Pending the release of this announcement, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 14 October 2019 at the request of the Company. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 16 October 2019.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed to it 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 Disposal 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, the equity interest of which is owned as to 99% by BOSS and as to 1% by Kama Power
“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

“Completion”	the completion of the Disposal and transactions contemplated under the Sale and Purchase Agreement in accordance with the terms therein
“Completion Date”	a date within seven (7) days from the date on which all of the conditions in relation to Completion having been met, or such other date as the Vendor and the Purchaser may mutually agree in writing
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration of HK\$210,000,000 for the Disposal pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of 70% of the issued share capital of the Disposal Company as contemplated under the Sale and Purchase Agreement
“Disposal Company”	Earn World Development Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company owned as to 70% by the Company as of the date of this announcement
“Disposal Group”	the Disposal Company, BOSS and BOSS GZ
“EFT-POS”	electronic fund transfer at point-of-sales
“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, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Indebtedness Amount”	HK\$15,088,000, which represents all advance(s) made by EFT Solutions Limited (a wholly owned subsidiary of the Company) to BOSS and all indebtedness due from BOSS to EFT Solutions Limited (a wholly owned subsidiary of the Company) as at the date of such deed of waiver
“Independent Board Committee”	an independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder including the Disposal
“Kama Power”	Kama Power International Company Limited, a company incorporated in Hong Kong which is a company controlled by the brother of Mr. Ng and others
“Mr. Ng”	Mr. Ng Sing Kung Roy (吳聲恭先生), the chief executive officer of BOSS, indirectly holding 30% of the issued share capital of the Disposal Company by way of his direct interest in 100% of the issued share capital of the Purchaser
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Previous Acquisition”	the previous acquisition of the Sale Shares by the Vendor from the Purchaser pursuant to the Previous Agreement, the details of which are set out in the Previous Circular
“Previous Agreement”	the sale and purchase agreement dated 19 January 2018 (as amended by the supplemental agreement dated 29 March 2018) entered into between the Vendor and the Purchaser in relation to the Previous Acquisition
“Previous Circular”	the Company’s circular dated 14 May 2018 issued in relation to the Previous Acquisition
“Promissory Notes”	the four promissory notes in the aggregate amount of HK\$194,000,000 issued by the Company to the Purchaser as part of the consideration for the Previous Acquisition

“Purchaser”	Earn World Enterprises Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Ng
“Sale and Purchase Agreement”	sale and purchase agreement dated 11 October 2019 entered into between the Vendor and Purchaser in relation to the Disposal
“Sale Shares”	7,000 shares in the Disposal Company, representing 70% of the issued share capital of the Disposal Company as at the date of the Sale and Purchase Agreement
“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Rich Giant Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company
“%”	per cent

* *For identification purpose only*

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

Hong Kong, 15 October 2019

As at the date of this announcement, the executive Directors are Mr. Lo Chun Kit Andrew and Mr. Lo Chun Wa; the non-executive Directors are Ms. Lam Ching Man and Mr. Lui Hin Weng Samuel; and the independent non-executive Directors are Mr. Ng Ming Fai and Dr. Wu Wing Kuen, B.B.S. and Mr. Tso Ping Cheong Brian.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk and the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting and be posted on the website of the Company at www.eftsolutions.com.