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FINSOFT FINANCIAL INVESTMENT HOLDINGS LIMITED

匯財金融投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8018)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



鼎成證券有限公司
GRANSING SECURITIES CO., LIMITED

After trading hours on 1 February 2017, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 210,090,000 new Shares, to not less than six Places at a price of HK\$0.146 per Placing Share.

The maximum number of 210,090,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the maximum number of the Placing Shares is placed). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$1,050,450.

Assuming the maximum number of the Placing Shares is placed, the maximum gross proceeds from the Placing will be approximately HK\$30.7 million and the maximum net proceeds (after deduction of commission payable to the Placing Agent and other expenses incidental to the Placing) will be approximately HK\$29.8 million. The Company intends to apply such net proceeds for financing the money lending business and general working capital, and for repayment of borrowings.

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the EGM held on 12 January 2017. The allotment and issue of the Placing Shares is not subject to additional Shareholders' approval.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

* for identification purpose only

THE PLACING AGREEMENT

Date

1 February 2017 (after the trading hours)

Issuer

The Company

Placing Agent

Gransing Securities Co., Limited

The Placing Agent has conditionally agreed to place up to 210,090,000 Placing Shares, on a best effort basis, to not less than six Placees. The Placing Agent will receive a placing commission of 2.5% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent in accordance with the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares are to be placed to not less than six Placees, who and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent has undertaken that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the GEM Listing Rules) of the Company.

Placing Price

The Placing Price of HK\$0.146 per Placing Share represents:

- (i) a discount of approximately 16.09% to the closing price of HK\$0.174 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 17.89% to the average closing price of HK\$0.1778 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market prices of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Assuming 210,090,000 Placing Shares are placed in full, the aggregate nominal value of the Placing Shares is HK\$1,050,450.

Ranking of the Placing Shares

The Placing Shares will rank, upon issue and fully paid up, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement on or before 22 February 2017 (“**Long Stop Date**”).

If the above condition is not satisfied on or before the Long Stop Date, all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other party in relation to the Placing Agreement (save in respect of any antecedent breaches of any obligation thereunder).

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion

Completion of the Placing shall take place within five Business Days after the fulfillment of the above condition or such other date as the Company and the Placing Agent may agree in writing.

Force majeure

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon termination of the Placing Agreement as described above, all liabilities of the parties to the Placing Agreement shall cease and determine and no party to the Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the EGM held on 12 January 2017. Under the General Mandate, the Company is authorised to issue up to 210,098,468 new Shares until the revocation, variation or expiration of the General Mandate. The Company has not exercised the power to allot and issue any new Shares pursuant to the General Mandate as at the date of this announcement.

The allotment and issue of the Placing Shares is not subject to additional Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the provision of financial trading software solutions, provision of other internet financial platforms, provision of referral services, money lending business, assets investments, provision of corporate finance advisory services and provision of design and fitting-out services in Hong Kong.

The Directors are of the view that the Placing represents good opportunities to broaden the shareholders' base and raise additional funds at a reasonable cost for itself. The Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

Assuming the maximum number of the Placing Shares is placed, the maximum gross proceeds from the Placing will be approximately HK\$30.7 million and the maximum net proceeds (after deduction of commission payable to the Placing Agent and other expenses incidental to the Placing) will be approximately HK\$29.8 million. On such basis, the net issue price will be approximately HK\$0.14 per Placing Share. The Company intends to apply net proceeds from the Placing for financing the money lending business and general working capital, and for repayment of borrowings.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Apart from the fund raising activities below, the Company had not conducted any fund raising activities by way of equity issue in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised (approximately) and intended use of net proceeds	Actual use of the net proceeds
24 March 2016, 19 April 2016 and 23 May 2016	The issue by way of rights on the basis of one rights Share for every two Shares in issue held on the record date at the subscription price of HK\$0.324 per rights Share	HK\$74 million Early redemption of the Loan Notes and the payment of the interests accrued thereon.	The entire net proceeds has been utilised for the early redemption of part of the Loan Notes and the payment of the interest accrued thereon as intended.
22 August 2016 and 1 September 2016	Placing of 144,000,000 new Shares at the placing price of HK\$0.15 per Share pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 22 June 2016	HK\$20.7 million Financing the redemption of part of Loan Notes and the payment of the interests accrued thereon, general working capital and/or for financing the Group's future investment opportunities in IT related company or business.	The Group has utilised: (i) approximately HK\$19.2 million for the redemption of part of Loan Notes and the payment of interest accrued thereon; and (ii) the remaining for general working capital.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares) is set out below:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Luster Wealth Limited (<i>Note 1</i>)	116,411,250	11.08	116,411,250	9.23
Ever Robust Holdings Limited (<i>Note 2</i>)	136,800,000	13.02	136,800,000	10.85
Perfect Growth Limited (<i>Note 3</i>)	186,492,340	17.75	186,492,340	14.79
Placees	–	–	210,090,000	16.67
Other public Shareholders	610,788,750	58.14	610,788,750	48.45
	<u>1,050,492,340</u>	<u>100.00</u>	<u>1,260,582,340</u>	<u>100.00</u>

Notes:

- These 116,411,250 Shares are held by Luster Wealth Limited (“**Luster Wealth**”). Mr. Chan Sek Keung, Ringo (“**Mr. Chan**”), beneficially owns 100% of the issued share capital of Woodstock Management Limited (“**Woodstock**”), which in turn owns 100% of the issued share capital of Luster Wealth. Therefore, each of Woodstock and Mr. Chan is deemed, or taken to be, interested in all the Shares held by Luster Wealth for the purpose of the SFO.
- These 136,800,000 Shares are held by Ever Robust Holdings Limited (“**Ever Robust**”), which is wholly-owned by Whole Kind Investments Limited (“**Whole Kind**”), which is in turn wholly-owned by Interactive Entertainment China Cultural Technology Investments Limited (“**IE China**”). By virtue of the SFO, each of Whole Kind and IE China is deemed, or taken to be, interested in all the Shares held by Ever Robust.
- These 186,492,340 Shares are held by Perfect Growth Limited (“**Perfect Growth**”), which is wholly-owned by Lucky Famous Limited (“**Lucky Famous**”), which is in turn wholly-owned by GET Holdings Limited (“**GET**”). By virtue of the SFO, each of Lucky Famous and GET is deemed, or taken to be, interested in all the Shares held by Perfect Growth.
- Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors

“Business Day”	any day (not being a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Finsoft Financial Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 12 January 2017 at which the General Mandate was granted to the Directors
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors at the EGM to allot, issue or otherwise deal with additional shares in the capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates (as defined under the GEM Listing Rules)
“Loan Notes”	the 10% per annum notes in the aggregate principal amount of HK\$100.3 million issued by the Company on 18 May 2015

“Long Stop Date”	has the meaning ascribed to it under the paragraph headed “The Placing Agreement – Conditions of the Placing” in this announcement
“Placee(s)”	any individuals, corporate, institutional investors or other investors to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the placing of the Placing Shares to the Placee(s) by or on behalf of the Placing Agent, on a best effort basis, pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Gransing Securities Co., Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 1 February 2017 in relation to the Placing
“Placing Price”	HK\$0.146 per Placing Share
“Placing Share(s)”	up to 210,090,000 new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board
Finsoft Financial Investment Holdings Limited
Mr. Ng Wing Cheong Stephen
Chairman

Hong Kong, 1 February 2017

As at the date of this announcement, the Board consists of Ms. Lin Ting and Ms. Lam Ching Yee being the executive Directors, Mr. Ng Wing Cheong Stephen being the non-executive Director and the chairman of the Board and Ms. Lee Kwun Ling, May Jean, Mr. Yuen Shiu Wai and Mr. Lam Kai Yeung being the independent non-executive Directors.

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 “Latest Company Announcements” page of the website of GEM at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.finsofthk.com.