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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)

DISCLOSEABLE TRANSACTION: DISPOSAL OF AN ASSOCIATE COMPANY

DISPOSAL OF AN ASSOCIATE COMPANY

Pursuant to the MOU dated 1 June 2017, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares, which represents 40% of the issued share capital of the Target, and the Sale Loan at an aggregate Consideration of HK\$59,492,000.

The MOU is legally binding in nature.

The Target is a 40% owned associate company of the Company as at the date of this announcement. The Target Group is principally engaged in the business of property investment and investment holding in Hong Kong. Upon Completion, the Company will cease to hold any interest in the Target.

The MOU may or may not lead to the entering into of the SP Agreement and the transactions contemplated thereunder may or may not be consummated.

IMPLICATION UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

* For identification purposes only

DISPOSAL OF AN ASSOCIATE COMPANY

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The principal terms of the MOU are set out below:

Date

1 June 2017

Parties

- (i) Winrange Investments Limited, a wholly-owned subsidiary of the Company, as the Vendor;
- (ii) the Purchaser; and
- (iii) the Company, as the guarantor of the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser is an investment holding company, and (ii) each of the Purchaser and its ultimate beneficial owner is an Independent Third Party.

Rosy Lane (as seller) and HKEII (as Rosy Lane's guarantor) are also parties to the MOU, pursuant to which Rosy Lane has agreed to sell 60% of the issued share capital of the Target to the Purchaser on the same terms as the Disposal at the consideration of HK\$89,238,000.

Subject matter

On and subject to the terms and conditions contained in the MOU, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares and the Sale Loan free from all encumbrances. The Sale Shares shall be sold together with all rights then or thereafter attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the Completion.

The MOU does not contain any restrictions which apply to the subsequent sale of the Sale Shares.

Consideration

The aggregate Consideration for the Sale Shares and the Sale Loan shall be HK\$59,492,000 (subject to Consideration Adjustment as set out below), out of which:

- (a) the consideration for the Sale Loan shall be the face value of the total outstanding amount of the Sale Loan as at Completion; and
- (b) the consideration for the Sale Shares shall be the Consideration less the consideration for the Sale Loan denoted in paragraph (a) above.

If the total outstanding amount of the Sale Loan shall exceed the Consideration, the consideration for the Sale Loan shall then be HK\$59,491,999, and the consideration for the Sale Shares shall be HK\$1.

The Consideration shall be paid by the Purchaser to the Vendor by cashier's order drawn in a licensed bank in Hong Kong in favour of the Vendor's solicitors as stakeholders (or by such other method as the parties agree in writing) in the following manner:

- (a) an initial deposit of HK\$2,800,000 ("**Initial Deposit**") shall be payable upon acceptance of the MOU by the Vendor on 1 June 2017;
- (b) upon the signing of the SP Agreement, a further deposit ("**Further Deposit**") of an amount which, together with the Initial Deposit, equal to 10% of the Consideration; and
- (c) upon Completion, the balance of the Consideration (subject to Consideration Adjustment).

Consideration Adjustment

Adjustment ("**Consideration Adjustment**") to the Consideration will be made as follows on the Completion Date:

- (a) deducting therefrom all the current liabilities of the Target and the Target Subsidiary as shown in the completion accounts ("**Completion Accounts**", being the consolidated balance sheet and profit and loss accounts of the Target and the Target Subsidiary up to the Completion Date to be prepared in accordance with Hong Kong Accounting Standards), other than any existing bank loan and the Sale Loan; and
- (b) adding thereto an amount equal to all the current assets of the Target and the Target Subsidiary as shown in the Completion Accounts (other than the deferred tax assets and the Properties).

All upward adjustments to the consideration payable to the Vendor and Rosy Lane shall in aggregate be subject to a maximum cap of HK\$5,370,000.

The Vendor shall deliver to the Purchaser (i) the draft Completion Accounts (“**Draft Completion Accounts**”) (to be prepared and delivered on a pro forma basis) 5 Business Days before the Completion Date; and (ii) the Completion Accounts to the Purchaser on the Completion Date.

The Vendor shall procure that the Completion Accounts to be audited by an audit firm agreed between the Purchaser, the Vendor and Rosy Lane and the audited Completion Accounts to be delivered to the Purchaser within 90 days after the Completion Date. Post-completion adjustments shall be based on the net current asset value as shown on the Completion Accounts and the audited Completion Accounts.

Basis of consideration

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor on normal commercial terms after taking into account the net current assets and liabilities of the Target and the Target Subsidiary as at the Completion Date, and the fair value of the Properties as at 24 April 2017 in the amount of HK\$126,200,000 as shown in a valuation report issued by an independent property valuer.

Upon Completion, the Group expects to record a gain on disposal of approximately HK\$9.9 million, being the Consideration in excess of the book value of the Group’s investment in the Target as at 31 December 2016 of approximately HK\$49,586,000. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit.

It is expected that the proceeds from the Disposal will be used as the Group’s general working capital, the repayment of borrowings and/or financing future potential investment opportunities of the Group.

Conditions

Completion is conditional upon the following Conditions being satisfied or waived on or before 16 October 2017 (i.e. the Completion Date and the Long Stop Date) or such other date as the Vendor, Rosy Lane and the Purchaser may agree in writing:

- (a) the Vendor being the legal and beneficial owner of the Sale Shares and the Sale Loan free from all encumbrances and the Target being the legal and beneficial owner of all issued shares of the Target Subsidiary;
- (b) the Target and the Target Subsidiary being able to show and give good title to the Properties in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) and all applicable Hong Kong law;

- (c) all the original duly stamped tenancies of the Properties and/or such other new and/or renew stamped tenancies/licences or other agreements for the use or occupancy of the Properties have been delivered to the Purchaser on or before the Completion Date;
- (d) all encumbrances in the Properties, the Sale Shares and the shares of the Target Subsidiary shall be released and/or discharged on or before the Completion Date;
- (e) the contents and figures set out in the Draft Completion Accounts are all agreed by the Purchaser, the Vendor and Rosy Lane;
- (f) no material adverse change in the business, operation, assets, position (financial trading or otherwise), profits or prospect and/or other matters or affairs of the Target, the Target Subsidiary and/or the Properties having occurred on or before the Completion Date;
- (g) the warranties given by the Vendor remain true, complete, accurate and not misleading in all respects on the date of the SP Agreement and at all times up to and including the Completion Date;
- (h) all compliance requirements as required under the Listing Rules and/or requested by the Stock Exchange relating to the transactions contemplated under the MOU having been duly complied with by the Purchaser's ultimate holding company;
- (i) all compliance requirements as required under the Listing Rules and/or requested by the Stock Exchange relating to the transactions contemplated under the MOU having been duly complied with by Rosy Lane's ultimate holding company; and all compliance requirements as required under the GEM Listing Rules and/or requested by the Stock Exchange relating to the transactions contemplated under the MOU having been duly complied with by the Vendor's ultimate holding company;
- (j) completion of the due diligence over the Target and its subsidiaries (including the Target Subsidiary) and the Properties, and the result of which is reasonably satisfactory to the Purchaser;
- (k) all liabilities (other than the current liabilities as shown in the Completion Accounts and the Sale Loan) of the Target and its subsidiaries (including the Target Subsidiary) shall be fully discharged on or before the Completion Date; and
- (l) all other reasonable and customary closing conditions mutually agreed by the parties.

The Purchaser may in its absolute discretion waive either in whole or in part at any time by notice in writing to the Vendor any of the Conditions set out in paragraphs (a) to (g) and (j) to (l) above.

If all Conditions have not been satisfied in full (or waived if and to the extent permitted by the SP Agreement) on or before the Long Stop Date, the Vendor shall return or arrange its solicitors to return the Initial Deposit and the Further Deposit (without interest) to the

Purchaser within 3 Business Days from the Long Stop Date and upon the return of the Initial Deposit and the Further Deposit, the MOU or the SP Agreement (if signed) shall be terminated forthwith save for certain provisions relevant to the interpretation and enforcement thereof and save in respect of claims arising out of any antecedent breach of the MOU or the SP Agreement (if signed) by any party.

If the Vendor does not proceed to Completion on the Completion Date where all Conditions have been satisfied in full (or waived in accordance therewith), the Purchaser shall be entitled to elect at its absolute discretion (i) to take proceedings against the Vendor to enforce specific performance of the SP Agreement and/or to claim for damages for breach thereof; or (ii) to request the Vendor to return the Initial Deposit and Further Deposit (without interest) and pay an amount which is equal to the Initial Deposit and Further Deposit to the Purchaser within 3 Business Days from the written notice served by the Purchaser to the Vendor and/or to claim for damages for breach of the SP Agreement by the Vendor.

If the Purchaser does not proceed to Completion on the Completion Date where all Conditions have been satisfied in full (or waived in accordance therewith), the Vendor shall be entitled to elect at its absolute discretion (i) to retain the Initial Deposit and the Further Deposit and/or to claim for damages for the Purchaser's breach of the SP Agreement; or (ii) to seek against the Purchaser for specific performance of its obligations under the SP Agreement and/or to claim for damages for the Purchaser's breach thereof.

The liability of the Purchaser for claims and breaches of the terms in the SP Agreement shall be limited to actual losses suffered by the Vendor and Rosy Lane and shall not exceed 10% of the aggregate purchase price payable by the Purchaser.

Completion

Subject to the fulfilment and/or waiver (where applicable) of all Conditions in accordance with the terms of the SP Agreement, Completion shall take place on the Completion Date. Since the Purchaser intends to acquire 100% interests in the Properties, the sale and purchase of 100% of the shares and shareholder's loan of the Target are inter-conditional and shall take place simultaneously.

Upon Completion, the Vendor will no longer hold any interest in the Target Group.

Exclusivity

The Vendor (and its subsidiaries and their respective directors, advisers, agents or employees) shall not directly or indirectly enter into or be involved in any discussions, negotiation or agreement with or providing any information to any person (other than the Purchaser or its nominee(s)) for or in relation to the Disposal during the Exclusivity Period (as defined below).

Guarantee

The Company, being the ultimate beneficial owner of the Vendor, has agreed to guarantee the due performance of all the Vendor's obligations under the MOU and the SP Agreement.

Expiry of the MOU

The MOU shall expire at 5:00 p.m. on the earlier of:

- (a) the last day of an exclusive period ("**Exclusivity Period**") from the date of payment of the Initial Deposit up to 17 July 2017 (or such other period as agreed between the parties to the MOU); or
- (b) on such earlier date as the MOU is terminated by the Purchaser within the Exclusivity Period and elect not to sign the SP Agreement on ground that the Purchaser is not satisfied (acting reasonably) with the results of the due diligence investigation due to the existence of one or more material defect(s) identified in the title to the Properties which cannot be rectified in the manner reasonably satisfactory to the Purchaser on or before the date falling 5 days immediately preceding the expiration of the Exclusivity Period; and/or the existence of one or more issues that pose a material adverse impact on the value of the Sale Shares, the shares of Target Subsidiary, the Target and/or Target Subsidiary where such material issues cannot be rectified in the manner reasonably satisfactory to the Purchaser on or before the date falling 5 days immediately preceding the expiration of the Exclusivity Period.

Upon the expiration of the MOU, the MOU shall be terminated and ceased to have any effect, save for the provisions relating to the termination, the obligation of the Vendor to return the Initial Deposit to the Purchaser (as set out below), the obligation of the Vendor to return the Initial Deposit to the Purchaser and to pay liquidated damages to the Purchaser (as set out below), and the interpretation and enforcement thereof, and save in respect of claims arising out of any antecedent breach of the MOU by any party.

If the MOU is terminated under paragraph (b) above, the Vendor shall forthwith return or arrange its solicitors to return the Initial Deposit (without interest if the return is within 7 days of the demand) to the Purchaser upon receiving from the Purchaser written notice of termination of the MOU or notice of election not to sign the SP Agreement. Upon such termination of the MOU, neither party shall have any obligations nor liabilities towards each other and the MOU shall be ceased to have any effect, save for the provisions relating to such termination, return of the Initial Deposit by the Vendor, the interpretation and enforcement thereof, and save in respect of claims arising out of any antecedent breach of the MOU by any party.

If the above right of termination has not been exercised or is not exercisable by the Purchaser and there is a material default made by the Purchaser in performing its obligations under the MOU, the Vendor shall be entitled to elect at its absolute discretion to retain the Initial Deposit which shall be deemed forfeited by the Vendor and/or to take proceedings against

the Purchaser to enforce specific performance of the MOU. If there is a material default made by the Vendor and/or Rosy Lane in performing its or their obligations under the MOU, the Purchaser shall be entitled to elect at its absolute discretion to take proceedings to seek specific performance of the MOU and/or to request the Vendor to return the Initial Deposit and pay an amount which is equal to the Initial Deposit as liquidated damages to the Purchaser.

Save for the parties' rights and obligations stated above, upon the expiration of the MOU, the MOU shall be terminated and shall cease to have any effect, save for any claim to be made by a party against the other for any antecedent breach made prior to the expiration (in which case, each provision of the MOU shall continue in full force and effect and survive after the expiration of the MOU, except to the extent that a provision has been fully performed).

Legal effect

The MOU shall be legally binding on the parties thereto with effect from the date of acceptance of the MOU by all parties thereto (i.e. the date of this announcement).

Several liabilities

The liabilities of the Vendor and Rosy Lane shall be several and in the proportion of 40:60 respectively.

The MOU may or may not lead to the entering into of the SP Agreement and the transactions contemplated thereunder may or may not be consummated.

INFORMATION OF THE TARGET GROUP

The Target is a company incorporated in the British Virgin Islands with limited liability on 26 September 2014 and is principally engaged in investment holding. As at the date of this announcement, the Target has 20 issued shares, and 60% of its issued shares is owned by Rosy Lane, while the remaining 40% is owned by the Group (through the Vendor). The principal business of Rosy Lane is investment holding and the principal business of HKEII (the ultimate holding company of Rosy Lane) and its subsidiaries are the provision of private educational services, investment in securities, property investments and money lending business.

The Target holds the entire issued share capital of the Target Subsidiary, a company incorporated in Hong Kong with limited liability on 6 October 2014 and is principally engaged in property investment and investment holding. The principal assets of the Target Group are the Properties. The Properties are located at Offices A–H, J–N & P on 21/F. (Whole Floor) and Car Parking Space Nos. P47, P48 and P49 on Basement Floor, Kings Wing Plaza 1, No. 3 On Kwan Street, Sha Tin, New Territories, Hong Kong. The gross floor area and the saleable area of the office units (i.e. Property A) are about 15,073 square feet and 10,250 square feet respectively.

As at the date of this announcement, six office units on 21/F, Kings Wing Plaza I at No. 3 On Kwan Street, Shek Mun, Shatin, New Territories (i.e. Property A) and two Car Parking Spaces are leased to tenants who are Independent Third Parties. In addition, the Group also leases one office unit at Property A.

Certain unaudited consolidated financial information of the Target for the period from 26 September 2014 (being the date of incorporation of the Target) to 30 June 2015 and for the year ended 30 June 2016 is set out below:

	For the year ended 30 June 2016 (unaudited) HK\$ (approximately)	For the period from 26 September 2014 to 30 June 2015 (unaudited) HK\$ (approximately)
Loss before and after tax	4,070,000	6,000

The unaudited consolidated total assets value and net assets value of the Target Group as at 31 December 2016 were approximately HK\$135,347,000 and HK\$122,285,000 respectively. As at 30 April 2017, the amount of the Sale Loan is nil and it is expected that there will not be any Sale Loan at Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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 and provision of corporate finance advisory services.

The Group acquired the Sale Shares on 5 December 2016 (as disclosed in the Company's announcement dated 5 December 2016) at the consideration of HK\$48,800,000. In view of the capital gain which is expected to derive from the Disposal, the management of the Company considers that it is in the interest of the Company and its shareholders to dispose of the Target in order to realise the Group's investment in the Properties and to utilise the proceeds from the Disposal as general working capital for the Group's existing businesses, the repayment of borrowings and/or financing future potential investment opportunities of the Group.

The terms of the MOU were determined after arm's length negotiations between the parties thereto and all Directors consider that the terms of the MOU are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATION UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	any day on which banks generally are open for business in Hong Kong, excluding Saturdays, Sundays and any other public holidays in Hong Kong
“Company”	Finsoft Financial Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the SP Agreement
“Completion Date” or “Long Stop Date”	16 October 2017 or such other date as the Purchaser, Rosy Lane and the Vendor may agree in writing
“Conditions”	the conditions precedent to Completion
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Consideration”	the sum of HK\$59,492,000, being the aggregate consideration for the Disposal (subject to Consideration Adjustment)
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares and the assignment of the Sale Loan (if any) from the Vendor to the Purchaser pursuant to the principal terms set out under the MOU and the SP Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKEII”	Hong Kong Education (Int’l) Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1082), and an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the 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 its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 1 June 2017 and entered into by the Vendor, the Purchaser and the Company in relation to the Disposal and entered into by Rosy Lane, HKEII and the Purchaser in relation to the disposal by Rosy Lane of 60% of the issued share capital of the Target
“Properties”	collectively, Property A and Property B
“Property A”	the properties owned by the Target Subsidiary, comprising Offices A–H, J–N & P on 21/F. (Whole Floor), Kings Wing Plaza 1, No. 3 On Kwan Street, Sha Tin, New Territories, Hong Kong
“Property B”	the properties owned by the Target Subsidiary, comprising Car Parking Space Nos. P47, P48 and P49 on Basement Floor, Kings Wing Plaza 1, No. 3 On Kwan Street, Sha Tin, New Territories, Hong Kong
“Purchaser”	Keen Elite Developments Limited, a limited company incorporated in the British Virgin Islands and an Independent Third Party

“Rosy Lane”	Rosy Lane Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of HKEII, being the other shareholder of the Target, holding 60% of the issued shares of the Target, and an Independent Third Party
“Sale Loan”	the legal and beneficial interest of the shareholder’s loans (if any) owing by the Target and/or any of its subsidiaries to the Vendor on the Completion Date, which shall exclude any bank loans, loans from related parties or any third parties liabilities or encumbrances
“Sale Shares”	8 issued shares in the share capital of the Target, which shall represent 40% of the issued share capital of the Target
“SP Agreement”	a definitive and legally binding sale and purchase agreement for the Disposal to be entered into between the Purchaser, the Vendor, the Company, Rosy Lane and HKEII
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Ultimate Elite Investments Limited , a company incorporated in the British Virgin Islands with limited liability
“Target Group”	collectively, the Target and the Target Subsidiary
“Target Subsidiary”	Vision Smart Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by the Target
“Vendor”	Winrange Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company
“%”	per cent.

By Order of the Board
Finsoft Financial Investment Holdings Limited
Mr. Ng Wing Cheong Stephen
Chairman

Hong Kong, 1 June 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 a non-executive Director and the chairman of the Board, Mr. Fung Ka Lok Adams being a non-executive Director, and Ms. Lee Kwun Ling, May Jean 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 of the Stock Exchange at www.hkgem.com for a minimum period of seven days from the date of its publication and on the website of the Company at www.finsofthk.com.