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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: ACQUISITION OF 51% EQUITY INTERESTS OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that after trading hours on 8 July 2020, the Company, the Guarantor and the Vendor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing 51% of the issued share capital of the Target Company, at the consideration of HK\$16,320,000 (subject to the adjustment set out below).

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the relevant applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceed 5% but all of them are less than 25%, the entering into the Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that, after trading hours on 8 July 2020, the Company, the Guarantor and the Vendor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing 51% equity interests of the Target Company, at the consideration of HK\$16,320,000 (subject to the adjustment set out below). Upon Completion, the Group will be interested in 51% equity interests in the Target Company.

THE AGREEMENT

Date:

8 July 2020

Parties:

Vendor: the Vendor, holding 100% equity interests in the Target Company

Guarantor: the Guarantor, holding 100% equity interests in the Vendor

Purchaser: the Company

* For identification purposes only

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) the principal business of the Vendor is investment holding, and (ii) each of the Target Group, the Vendor and the Guarantor is an Independent Third Party.

Assets to be acquired:

Pursuant to the Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing 51% of the issued share capital of the Target Company.

Consideration:

The Consideration for the Sale Shares is HK\$16,320,000, which shall be settled as follows:

- (i) as to HK\$3,500,000 being the Deposit shall be payable in cash by the Company upon signing of the Agreement;
- (ii) as to HK\$3,844,000 being the part payment of the Consideration shall be payable in cash by the Company upon Completion; and
- (iii) as to HK\$8,976,000 which is subject to the adjustment as set out in the paragraphs headed "Adjustment to Consideration" below ("**Balance Consideration**"), shall be payable in cash by the Company within thirty Business Days after the issue of the audited consolidated financial statements of the Target Group for the financial year ending 31 December 2022.

The Consideration will be funded by the internal resources of the Group.

Basis of Consideration:

The Consideration is determined after arm's length negotiation between the Company and the Vendor with reference to (i) the future prospect and business development of the Target Group; (ii) the factors stated in the section headed "Reasons for and benefits of the Acquisition"; and (iii) the Guaranteed EBITDA.

Adjustment to Consideration:

Under the Agreement, the Vendor unconditionally and irrevocably guaranteed and warranted to the Company that the Audited EBITDA shall be of no less than the total sum of HK\$8,000,000 ("**Guaranteed EBITDA**").

If the Audited EBITDA is equal to or more than the Guaranteed EBITDA, the Company shall pay the Balance Consideration in sum of HK\$8,976,000. No upward adjustment shall be made if the Audited EBITDA has reached and exceeded the Guaranteed EBITDA.

If the Audited EBITDA is less than the Guaranteed EBITDA but is equal to or more than the sum of HK\$3,600,000, the Company shall pay the Vendor the Balance Consideration based on the following formula:

$$\text{Balance Consideration} = (\text{Audited EBITDA} * 4 * 51\%) - \text{HK\$7,344,000}.$$

If the Audited EBITDA is less than the Guaranteed EBITDA and lower than the sum of HK\$3,600,000, the Vendor shall compensate the Company in the amount calculated (“**Compensation Sum**”) based on the following:

- (i) where the Audited EBITDA is a positive figure and less than the sum of HK\$3,600,000:

Compensation Sum = HK\$7,344,000 – (Audited EBITDA * 4 * 51%); or

- (ii) where the Audited EBITDA is a negative figure, the Compensation Sum is equal to HK\$7,344,000.

Conditions Precedent:

The Company’s obligation to proceed with Completion shall be conditional upon each of the following Conditions having been satisfied in all respects (or waived by the Company):

- (i) the Company having completed its due diligence investigation on the business, financial, legal and all other aspects of the Target Group and being reasonably satisfied in all material respects with the results thereof;
- (ii) the warranties stipulated in the Agreement having remained true, accurate, correct and complete and are not misleading in all respects at Completion and at all times from the date of the Agreement up to and including the Completion Date; and
- (iii) all necessary consents, approvals and permits required for consummation of the transactions contemplated under the Agreement having been obtained and not revoked.

The Company may at its sole discretion waive any of the above Conditions (i) and (ii) at any time by written notice to the Vendor.

Guarantee provided by the Guarantor:

In consideration of the Consideration and the Vendor entering into the Agreement, the Guarantor has irrevocably and unconditionally guaranteed to the Purchaser the due and punctual performance of all obligations of the Vendor under the Agreement.

Completion:

Upon the fulfilment and/or waiver of the Conditions as described above, Completion shall take place on the Completion Date.

Immediately after Completion, the Target Company will become a 51% owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group’s financial statements.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Metrotec Solutions is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Target Company. Metrotec Solutions is principally engaged in FinTech business in relation to the marketing and operation of stored valued Mastercards in Hong Kong with mobile Apps as the operating platform for travellers to pay for goods and services around the world. As at the date of this announcement, the Target Company is owned as to 100% by the Vendor.

Set out below is a summary of the unaudited consolidated financial information of the Target Group for the years ended 31 December 2018 and 2019 respectively:

	For the year ended 31 December 2018 HK\$'000 (approximately)	For the year ended 31 December 2019 HK\$'000 (approximately)
Loss before taxation	5,295	4,145
Loss after taxation	5,295	4,145

The unaudited consolidated total asset value and the net liability value of the Target Group as at 31 December 2019 are approximately HK\$1,509,000 and approximately HK\$1,060,000 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of financial trading software solutions, provision of other IT and internet financial platforms services, money lending business and assets investments in Hong Kong. One of the subsidiaries of the Company holds the license in respect of Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Acquisition creates synergy effect with the Group's existing businesses and further strengthens the development of the Group's products and services. The Acquisition also represents a valuable business opportunity to expand the Group's business scales, which allows the Group to diversify its businesses further within the FinTech industry in Hong Kong and to broaden its source of income.

The terms of the Agreement were determined after arm's length negotiations between the Vendor and the Company, and having considered the reasons for and benefits of the Acquisition as mentioned above, the Board is of the view that the Acquisition and the terms of the Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the relevant applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceed 5% but all of them are less than 25%, the entering into the Agreement constitutes a discloseable transaction for the Company under 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 otherwise requires, the following words and phrases used in this announcement have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Company pursuant to the terms of the Agreement
“Agreement”	the sale and purchase agreement entered into between the Company, the Guarantor and the Vendor dated 8 July 2020 in relation to the Acquisition

“Audited EBITDA”	the aggregate of audited earnings before interest, tax, depreciation and amortisation of the Target Group for the three financial years ending 31 December 2020, 2021 and 2022 as reflected in the Target Audited Accounts
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or public holiday as defined under Interpretation and General Clauses Ordinance (Cap. 1 of the Laws of Hong Kong), or a day on which a tropical cyclone warning no. 8 or above or “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business
“Company”	Finsoft Financial Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“Completion”	the completion of the sale and purchase of the Sale Shares pursuant to the terms and conditions of the Agreement
“Completion Date”	the Business Day agreed by the Vendor and the Company in writing to perform Completion which shall fall on or before the fifth Business Days immediately following the satisfaction (or waiver) of all the Conditions or such other time as the Vendor and the Company may otherwise agree
“Conditions”	conditions precedent of the Agreement
“Consideration”	the sum of HK\$16,320,000, being the consideration for the sale and purchase of the Sale Shares
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Deposit”	refundable deposit which shall be returned (free from interest) by the Vendor to the Company upon termination of the Agreement by any of the Vendor or the Company prior to the Completion
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantor”	Ms. Chung Elizabeth Ching Yee
“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”	a party who is not a connected person of the Company and is independent of the Company and its connected persons
“Metrotec Solutions”	Metrotec Solutions Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by the Target Company
“Sale Shares”	18,411 ordinary shares of par value of US\$1 each of the Target Company, representing 51% of its issued share capital, which are legally and beneficially owned by the Vendor as at the date of this announcement and immediately before Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Audited Accounts”	the audited consolidated financial statements of the Target Group for the financial years ending 31 December 2020, 31 December 2021 and 31 December 2022, which are prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Target Company”	Metrotec Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	Metrotec Limited and its subsidiaries from time to time
“Vendor”	Oceanic Elite Holdings Limited, a company incorporated in the Republic of Seychelles with limited liability
“%”	per cent

On behalf of the Board
Finsoft Financial Investment Holdings Limited
Ms. Tin Yat Yu Carol
Chairman

Hong Kong, 8 July 2020

As at the date of this announcement, the Board consists of Ms. Tin Yat Yu Carol being an executive Director and the chairman of the Board, Mr. Chan Wai Lung, Ms. Lam Ching Yee, Mr. Lam Ho Pong and Ms. Lin Ting being the executive Directors, and Mr. Hon Ming Sang, Ms. Lee Kwun Ling, May Jean and Mr. Zhong Shi 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 the GEM 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.