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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)

SUPPLEMENTAL ANNOUNCEMENT – DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 51% EQUITY INTERESTS OF THE TARGET COMPANY

Reference is made to the announcement (“**Announcement**”) of Finsoft Financial Investment Holdings Limited (“**Company**”) dated 8 July 2020 in relation to a discloseable transaction for the acquisition of 51% equity interests of the Target Company. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Company would like to supplement the following additional information in relation to the Acquisition:

Basis of Consideration:

Future prospect and business development of the Target Group

The Target Group has developed its marketing team in promoting the stored value Mastercards and established business relationships with various business partners and customers in the worldwide, which serves a solid foundation for further development in FinTech business and be capable to seize the opportunities arising from the rapid growing demand for electronic payment tools. The Acquisition enables the Group to diversify its income source and to save substantial time and costs on the development of the operating platform for marketing and operation of the stored value cards, which is also in line with the business strategies of the Group to further expand its businesses within the FinTech industry in Hong Kong.

Synergy effect with the business of the Group

The Target Group has well-developed platform and has established the design, development, installation and operation of the business model which may strengthen the development of the Group’s existing products and services as well as its future business expansion. Meanwhile, the strong and sufficient IT expertise and resources of the Group will enhance the existing payment platform of the Target Group and assist the Target Group to achieve its business development in the FinTech industry. As such, the Acquisition creates synergy effect between the Group and the Target Group.

* *For identification purposes only*

Guaranteed EBITDA

Part of the Consideration is determined by reference to an adjustment mechanism after the Completion. The Consideration will be adjusted downwards accordingly if the Target Group fails to achieve the Guaranteed EBITDA during the three financial years ending 31 December 2020, 2021 and 2022. The Board is of the view that the risk of its investment in the Target Group can be significantly minimised subject to this adjustment mechanism.

In view of the above, the Board considers that the Acquisition and the terms of the Agreement are fair and reasonable and in the interests of Company and the shareholders of the Company as a whole.

Adjustment to Consideration:

The adjustment mechanism to the Consideration was determined after arm's length negotiations between the Vendor and the Company with reference to the price to earnings ratios (the "**PE Ratio(s)**") of other listed companies in Hong Kong which are principally engaged in the business similar to that of the Target Group ranging from approximately 5.59 times to approximately 29.11 times which further details are elaborated as below.

The Board has identified a list of eight companies listed on the Stock Exchange which are principally engaged in business similar to that of the Target Group (the "**Comparable Companies**") and reviewed their PE Ratios. The PE Ratios of the Comparable Companies were within the range of approximately 5.59 times to approximately 29.11 times (excluding three of the Comparable Companies recorded net losses for their latest financial reports), which are calculated based on the respective average closing price per share in June 2020 of the Comparable Companies and their financial information as disclosed in their latest available annual reports. Taking into consideration that the Target Group is not a listed company on the Stock Exchange and its size of operation is comparatively small in terms of its business scale, the Board considers that a lower benchmark PE Ratio of 4 times will be a more reasonable PE Ratio to determine the Balance Consideration/Compensation Sum in the adjustment mechanism. In view of the above, the Board considers that the adjustment mechanism to the Consideration is fair and reasonable.

INFORMATION ON THE TARGET GROUP

The ultimate beneficial owner of the Vendor is Ms. Chung Elizabeth Ching Yee, who is the Independent Third Party and the Guarantor.

Save as disclosed in the Announcement, the Target Group recorded a net liability value of approximately HK\$1,060,000 in its unaudited consolidated accounts for the year ended 31 December 2019. In June 2020, a shareholder's loan owing by the Target Company in the amount of HK\$4,000,000 has been capitalised as capital of the Target Company, which results in the change from the Target Group's net liability value to net asset value of approximately HK\$796,000 as of 30 June 2020.

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

Hong Kong, 23 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 the website of the Company at www.finsofthk.com.