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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 40% INTERESTS OF THE TARGET**

#### **THE ACQUISITION**

The Board wishes to announce that after trading hours on 5 December 2016, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the SP Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing 40% of the issued share capital of the Target at the Consideration of HK\$48,800,000. Completion has taken place immediately after the signing of the SP Agreement.

The Target Group is principally engaged in the business of property investment and investment holding in Hong Kong.

Upon Completion of the SP Agreement, the Target has become a 40% owned associate of the Company.

#### **IMPLICATION UNDER THE GEM LISTING RULES**

As more than one of the 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 Acquisition constitutes a discloseable transaction for 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.

#### **THE SP AGREEMENT**

After trading hours on 5 December 2016, the Vendor and the Purchaser entered into the SP Agreement, the principal terms of which are set out below:

##### **Date**

5 December 2016

\* *for identification purpose only*

## **Parties**

Vendor: Praiseful Moment Limited, a company incorporated in the British Virgin Islands with limited liability

Purchaser: Winrange Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company

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

## **Assets acquired**

The Vendor as legal and beneficial owner shall sell, and the Purchaser shall purchase, the Sale Shares with effect from Completion free from all encumbrances together with all rights of any nature then or hereafter attaching thereto including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the date of Completion.

## **Consideration**

The Consideration for the Sale Shares is HK\$48,800,000 and has been settled by the Purchaser in cash upon the signing and completion of the SP Agreement. The Group funded the Consideration as to HK\$10.2 million by the proceeds from the Disposal and as to HK\$38.6 million by borrowings and internal resources of the Group.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms principally with reference to the valuation of the Properties as at 28 November 2016 of HK\$122,000,000 conducted by an independent professional valuer.

## **Completion**

The SP Agreement is unconditional and Completion took place on 5 December 2016 upon the signing of the SP Agreement.

Immediately after Completion, the Target has become a 40% owned associate of the Company.

## **Shareholders' agreement**

Upon Completion, a shareholders' agreement has been entered into between the Purchaser and Rosy Lane. Principal terms of the shareholders' agreement are as follows:

- (1) the principal business of the Target shall remain as investment holding and the principal business of the Target Subsidiary shall remain as property investment and investment holding;

- (2) for so long as the Purchaser is the holder of not less than 19% of the issued share capital of the Target, it shall have the right to nominate and remove one director of the Target and the Target Subsidiary and such other companies (if any) which is a subsidiary of the Target from time to time and the requisite board meeting quorum must include the director nominated by the Purchaser;
- (3) the matters listed below shall require the consent of the shareholders of the Target either individually or collectively holding not less than 75% of voting shares of the Target:
  - (a) issue of any new shares or granting of any option over or right to acquire any shares or creating or granting any rights or interests convertible or exchangeable into shares or securities convertible or exchangeable into shares of any member of the Target Group;
  - (b) dispose of the Target's equity interests in the Target Subsidiary or the Properties at a value which is lower than the value set out in a valuation report obtained from an independent valuer with a valuation date within two months from the date of the proposed disposal;
  - (c) create or permit or entry into commitment to create bank debt or financing, mortgage, charge, lien, pledge and other form of security or encumbrance or equity of whatsoever nature beyond the ordinary course of the business of the Target Group (other than the Existing Security);
  - (d) drawdown of further loan and/or money under the existing banking facilities pursuant to the Facility Letter and/or otherwise on security of the Existing Security; and
  - (e) lend or advance any loan and/or money to any person(s) other than a member of the Target Group; and
- (4) except with the written consent of the other shareholder(s) of the Target, none of the shareholders of the Target shall have any right to mortgage, pledge, charge or transfer any of their shares in the Target or any interest therein.

As at the date of the SP Agreement, Property A is subject to the Existing Security to secure general banking facilities granted to the Target Subsidiary which has on-lent the principal amount of the loan drawn under such facilities to the Affiliated Company. Rosy Lane shall procure the Affiliated Company to duly pay the secured indebtedness through the Target Subsidiary to the bank and duly perform all terms and conditions of the Facility Letter and the Existing Security as if the Affiliated Company were the borrower/mortgagor thereto and to reimburse the Target Subsidiary for all interests, fees, sums, expenses, moneys and/or liabilities incurred or to be incurred by the Target Subsidiary arising from or in connection with the creation, continuation, compliance, variation, enforcement and/or release of the Facility Letter and/or the Existing Security. Rosy Lane further agrees to indemnify the Target Subsidiary and keep the Target Subsidiary fully indemnified from and against any actions, claims, liabilities, damages, costs and expenses of whatever nature which the Target Subsidiary may suffer, incur or sustain directly or indirectly as a result of any breach of any terms and/or conditions of the Facility Letter and/or the Existing Security and/or the Existing Security being enforced against the Property A and/or the Target Subsidiary.

Rosy Lane also undertakes to indemnify the Purchaser and keep the Purchaser fully indemnified from and against loss which the Purchaser may suffer arising from any depletion, diminution or reduction in the value of the assets of the Target and/or the Target Subsidiary or any increase in liability on the part of the Target and/or the Target Subsidiary which would not have occurred but for the failure of Rosy Lane to perform the terms set out above. HKEII has, upon signing of the shareholders' agreement, executed a deed of guarantee in favour of the Purchaser to guarantee and procure the performance of all aforementioned obligations of Rosy Lane.

## INFORMATION ON 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. The Target has 20 issued shares and immediately before Completion, 60% of its issued shares was owned by Rosy Lane, while the remaining 40% was owned by the Vendor. Immediately after Completion, the Target is owned as to 60% by Rosy Lane and as to 40% by the Purchaser. Based on the latest notice of disclosure of interests filed by the shareholders to the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as at the date of this announcement, the ultimate holding company of Rosy Lane (i.e. HKEII) through its wholly-owned subsidiaries holds approximately 26.66% of the issued shares of Interactive Entertainment China Cultural Technology Investments Limited, which in turn through its wholly-owned subsidiaries, holds approximately 15.83% of the issued shares of the Company.

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 Properties (excluding the car parking spaces) are about 15,073 square feet and 10,250 square feet respectively. The Properties are currently vacant.

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:

	<b>For the year ended 30 June 2016 (unaudited) <i>HK\$</i> <i>approximately</i></b>	<b>For the period from 26 September 2014 to 30 June 2015 (unaudited) <i>HK\$</i> <i>approximately</i></b>
Loss before and after taxation	5,072,000	6,000

The unaudited consolidated total assets value and net assets value of the Target Group as at 30 November 2016 were approximately HK\$130,386,000 and HK\$120,321,000 respectively.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the provision of financial trading software solutions, provision of other 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 consider that the Acquisition will enable the Group to expand its investment portfolio. Subject to the business needs of the Group and the negotiation between the Group and Rosy Lane, the Properties may be used by the Group or lease out to third party tenants so as to generate rental income for the Target Group. Having also considered the Consideration of the Sale Shares is proportional to the valuation of the Properties as at 28 November 2016 and the upward trend of the property market in Hong Kong, the Board considered that the Acquisition is beneficial to the Group.

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

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As more than one of the 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 Acquisition constitutes a discloseable transaction for 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 otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the terms of the SP Agreement
“Affiliated Company”	Modern Education (Hong Kong) Limited, an affiliated company of Rosy Lane
“AMCO”	AMCO United Holding Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 630)
“Board”	the board of Directors
“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”	completion of the Acquisition on 5 December 2016 in accordance with the terms and conditions of the SP Agreement
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Consideration”	the aggregate consideration for sale and purchase of the Sale Shares, being HK\$48,800,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by the Group of its interest in Central Pearl Investments Limited, details of which are set out in the announcement of the Company dated 1 December 2016
“Existing Security”	(i) the mortgage over the Property A dated 22 September 2016 and (ii) the rental assignment over the Property A dated 22 September 2016, both executed by the Target Subsidiary in favour of China CITIC Bank International Limited to secure the general banking facilities in respect of all moneys granted by such bank to the Target Subsidiary (which has on-lent the principal sum of the loan drawn under such facilities to the Affiliated Company) under the Facility Letter and the amount of principal due and owing to such bank as at the date of this announcement is HK\$10,000,000

“Facility Letter”	the facility letter(s) dated 6 September 2016 as supplemented by a supplemental facility letter dated 4 November 2016 from China CITIC Bank International Limited to the Target Subsidiary setting out the terms and conditions for granting the general banking facilities to the Target Subsidiary, as amended, supplemented, modified or renewed from time to time
“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
“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
“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
“Properties”	collectively, Property A and Property B
“Purchaser”	Winrange Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company
“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 Shares”	8 issued shares in the share capital of the Target, representing 40% of its issued share capital immediately before Completion

“Share(s)”	share(s) of the Company of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder of the Shares
“SP Agreement”	the sale and purchase agreement dated 5 December 2016 entered into between the Vendor and the Purchaser in relation to the Acquisition
“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 directly wholly-owned by the Target
“Vendor”	Praiseful Moment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of AMCO
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 5 December 2016

*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](http://www.hkgem.com) for a minimum period of seven days from the date of its publication and on the Company’s website at [www.finsofthk.com](http://www.finsofthk.com).*