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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 IN RELATION TO**

### **THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

In addition to the information provided in the Annual Report, the Board of Directors would like to provide supplemental information to the Shareholders regarding the Group’s money lending business.

Reference is made to the annual report of Finsoft Financial Investment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 (the “**Annual Report**”) published on 30 March 2022, with respect to, amongst other things, the consolidated results of the Group. In the Annual Report, the following was mentioned:

On pages 11 and 13 of the Annual Report:

*“In cases of default and/or delinquent loans, the recovery procedure will commence and the officers of FFL will send reminder letters or e-mails to the borrowers for repayment. FFL will arrange for negotiations with the borrowers for the repayments of loans and accrued interests. The Group may also engage lawyers in advising on the loan and its recovery and enforcement action. These lawyers may be engaged as well to (i) issue demand letters to the borrowers in default of their repayment, demanding for repayment of the outstanding amount owed to FFL; and (ii) advise and assist in the potential legal actions required for the enforcement of the loans with default in repayment. Subject to applicable laws and regulations including but not limited to the MLO, third-party debt collection agencies may be engaged to recover the overdue amounts owed.”*

*“The Group categorises the credit quality of its loan and interest receivables according to 3 different stages under the ECL model:*

*Stage 1: financial assets without significant increase in credit risk since initial recognition where loss allowance is calculated based on 12-month ECL;*

*Stage 2: financial assets with significant increase in credit risk since initial recognition where loss allowance is calculated based on lifetime ECL; and*

*Stage 3: credit impaired assets where loss allowance is calculated based on lifetime ECL.*

*In general, loan and interest receivables that are not defaulted and have no sign of any significant increase in credit risk are categorised as Stage 1 assets and the Group adopted the PD and corresponding LGD based on market statistics or the PD and LGD of the credit ratings of comparable borrowers in similar industries/businesses as extracted from Refinitiv (previously known as Thomson Reuters Financial & Risk) StarMine Combined Credit Risk Model or Moody's.*

*For borrowers that are identified to have significant increases in credit risk, their loan and interest receivables are categorised as Stage 2 assets and the Group adopted the PD and corresponding LGD by referring to the high risk categories for the corresponding type of the borrower (i.e. individual borrower or corporate borrower).*

*For borrowers that are identified to be credit-impaired, their loan and interest receivables are categorised as Stage 3 assets and the Group applied the PD of the lowest credit categories and their corresponding LGD.”*

In respect of the above, the board (“**Board**”) of directors (the “**Directors**”) of the Company would like to provide the following supplemental information to the shareholders of the Company (“**Shareholders**”) regarding the Group’s money lending business. Capitalised terms used in this announcement shall adopt the same meanings as defined in the Annual Report, unless the context requires otherwise.

For the overdue loan receivables, the Group has (i) sent reminders through email and WhatsApp; (ii) engaged lawyers to issue demand letters to the borrowers; and (iii) requested settlement of the outstanding amount owed to the Group through telephone calls, from time to time.

The Group had complied with the requirements set out in Chapter 19 and/or 20 of the GEM Listing Rules when it granted the loans to each of the borrowers, whose loan was still outstanding as at 31 December 2021, and the Group did not enter into any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person with respect to the grant of loans to the borrowers whose loans were still outstanding as at 31 December 2021.

### **Provision for impairment loss on loan and interest receivables**

As stated in the Annual Report, the Group categorises the credit quality of its loan and interest receivables according to 3 different stages under the ECL model. Stage 1 assets are generally loans and interest receivables that are not defaulted and have no sign of any significant increase in credit risk, including loans which were still outstanding as at 31 December 2021 but the principal has been repaid partially and the borrowers and the Group have entered into supplemental loan agreements. For borrowers that are identified to have significant increase in credit risk, including borrowers who have entered into settlement agreements with the Group due to default in and/or late repayment of their respective loans, their loan and interest receivables are categorised as Stage 2 assets. For borrowers that are identified to be credit-impaired, including borrowers who are in default of the loan principal, or have entered bankruptcy or other financial reorganisation, or have severely delayed payments of the loan principal or interests, their loan and interest receivables are categorised as Stage 3 assets.

The decisions on the provisions of impairment losses under ECL model were carefully considered in view of the probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”), which are based on the assessed creditworthiness of the borrowers. The Directors believe that the credit assessment on the loans and interest receivables based on the Company’s money lending policy will provide a fair and reasonable estimate of the impairment losses. The Company will carry on ongoing periodic review and negotiations with the borrowers to mitigate the financial impact to the Group and ensure adherence to its ECL policy.

## **GENERAL**

The information contained in this supplemental announcement does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged.

\* *For identification purposes only*

By order of the Board  
**Finsoft Financial Investment Holdings Limited**  
**Ms. Tin Yat Yu Carol**  
*Chairman*

Hong Kong, 15 November 2022

*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 being an executive Director and the chief executive officer of the Company, Ms. Lam Ching Yee and Ms. Lin Ting being the executive Directors, and Mr. Hon Ming Sang, Ms. Lee Kwun Ling, May Jean and Ms. Lo Wing Sze BBS, JP 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 Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at <https://www.hkexnews.hk> for a minimum period of seven days from the date of its publication and on the website of the Company at [www.finsofthk.com](http://www.finsofthk.com).*