

Finzsoft Solutions Limited

Independent Adviser's Report

In Respect of the Proposed Acquisition of Shares by Silverlake Axis Ltd and HGH (ICT Investments No. 2) Limited from Silverlake HGH Limited

October 2019

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transactions considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

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1. Introduction

1.1 Background

Finzsoft Solutions Limited (**Finzsoft** or the **Company**) provides financial software and solutions for banks and financial institutions. Finzsoft has offices in Singapore, Malaysia, Australia and Auckland. Its flagship product *Sovereign* offers both core and vertical specific solutions supporting leading banks, building societies, credit unions and finance companies across Asia Pacific.

Finzsoft's shares are listed on the main equities securities market (the **NZX Main Board**) operated by NZX Limited (**NZX**) with a market capitalisation of \$8.7 million as at 11 October 2019. Its audited total equity was \$4.7 million as at 30 June 2019.

1.2 Silverlake HGH Limited

Silverlake HGH Limited (**SHGH**) is Finzsoft's major shareholder. It holds 7,528,990 ordinary shares in the Company, representing 85.47% of the shares on issue.

SHGH is a company incorporated in New Zealand on 18 December 2014. It was formed as a joint venture vehicle to undertake a full takeover offer for Finzsoft. The takeover offer was made on 27 February 2015 and completed on 30 March 2015, with SHGH acquiring 7,528,990 ordinary shares.

SHGH's shareholders are:

- Silverlake Axis Ltd (**Silverlake**) – 51%
- HGH (ICT Investments No. 2) Limited (**HGH2**) – 49%.

SHGH's directors are:

- Mohd Munir Abdul Majid
- Andrew Holliday
- Kwong Yong Sin.

Silverlake is an investment holding company listed on the Singapore Exchange. It provides financial services technology to the banking, insurance, payments, retail, government and logistics industries. Founded in 1989, Silverlake operates in Asia, the Middle East, Africa and Europe. Silverlake's major shareholder is Intelligentsia Holding Limited.

HGH2 is a company incorporated in New Zealand on 17 December 2014. Andrew Holliday is Finzsoft's managing director and is a trustee of the trust which ultimately holds a majority of the shares in HGH2.

Neither Silverlake nor HGH2 currently hold any shares directly in Finzsoft.

1.3 Proposed Acquisition of Shares

On 28 August 2019, SHGH, Silverlake and HGH2 entered into a Deed of Settlement and Implementation (the **Deed**) under which SHGH will sell the 7,528,990 Finzsoft ordinary shares that it currently holds to Silverlake and HGH2 in proportion to their respective proportionate shareholding in SHGH, at fair market value.

As disclosed in the Deed, there has been a fundamental breakdown in the relationship between Silverlake and HGH2. The 2 parties have agreed to terminate the joint venture arrangement and to hold the shares in Finzsoft directly.

The key terms of the Deed are:

- SHGH will sell 3,839,785 ordinary shares in the Company to Silverlake (being 51% of the Finzsoft shares held by SHGH) (the **Silverlake Acquisition**)
- SHGH will sell 3,689,205 ordinary shares in the Company to HGH2 (being 49% of the Finzsoft shares held by SHGH) (the **HGH2 Acquisition**)
- the purchase price is the *fair market value* of the shares as at 28 August 2019.

We refer to the Silverlake Acquisition and the HGH2 Acquisition collectively as the **Share Acquisitions**.

Completion of the Share Acquisitions is conditional upon the Company's shareholders not associated with SHGH, Silverlake or HGH2 (the **Non-associated Shareholders**) approving the Share Acquisitions by way of ordinary resolutions.

Assuming the Share Acquisitions are approved by the Non-associated Shareholders:

- the consideration payable under the Silverlake Share Acquisition will be offset against Silverlake's shareholder loan of \$11,760,557 to SHGH
- the consideration payable under the HGH2 Share Acquisition will be offset against HGH2's shareholder loan of \$11,204,067 to SHGH
- SHGH will pay its accounts payable of \$4,459.40 due to SHGH's service provider and then pay to Silverlake the balance of the cash it holds in part payment of the remaining balance of the shareholder loan owing to Silverlake
- Silverlake and HGH2 will each forgive the then remaining balance of their respective shareholder loans in proportion to their respective shareholdings in SHGH (the **Shareholder Loan Forgiveness**)
- SHGH will then be wound up.

1.4 Impact of the Share Acquisitions on Shareholding Levels

The Share Acquisitions will result in SHGH's 85.47% shareholding being held by:

- Silverlake - 43.59%
- HGH2 - 41.88%.

The Non-associated Shareholders' shareholdings in the Company will not change. They will collectively hold 14.53% of the shares in the Company before and after the Share Acquisitions.

Impact of the Share Acquisitions on Shareholding Levels					
	Current		Share Acquisitions	Post the Share Acquisitions	
	No. of Shares	%	No. of Shares	No. of Shares	%
SHGH	7,528,990	85.47%	(7,528,990)	-	-
Silverlake	-	-	3,839,785	3,839,785	43.59%
HGH2	-	-	3,689,205	3,689,205	41.88%
Non-associated Shareholders	1,279,840	14.53%	-	1,279,840	14.53%
	<u>8,808,830</u>	<u>100.00%</u>	<u>-</u>	<u>8,808,830</u>	<u>100.00%</u>

1.5 Summary of Opinion

Our evaluation of the merits of the Share Acquisitions as required under the Takeovers Code (the **Code**) is set out in section 2.

In our opinion, after having regard to all relevant factors, the Share Acquisitions have no significant negative implications from the perspective of the Non-associated Shareholders.

1.6 Special Meeting

Finzsoft is holding a special meeting of shareholders on 29 October 2019 where the Company will seek shareholder approval of:

- the Silverlake Acquisition – being the acquisition of 3,839,785 ordinary shares by Silverlake from SHGH (resolution 1)
- the HGH2 Acquisition – being the acquisition of 3,689,205 ordinary shares by HGH2 from SHGH (resolution 2).

We refer to the 2 resolutions as the **Share Acquisitions Resolutions**.

The 2 resolutions are ordinary resolutions (which are passed by a simple majority of the votes cast).

The 2 resolutions are interdependent and must both be passed in order for either one of the resolutions to be effected.

SHGH, Silverlake and HGH2 and their respective associates are not permitted to vote on the Share Acquisitions Resolutions.

1.7 Regulatory Requirements

Finzsoft is a code company as defined by the Code and is subject to the provisions of the Code.

Rule 6 of the Code prohibits:

- a person who holds or controls no voting rights or less than 20% of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company
- a person who holds or controls 20% or more of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company

unless done in compliance with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(c) of the Code, enables a person to increase its holding or control of voting rights by an acquisition of shares if the acquisition is approved by an ordinary resolution of the code company (on which none of that person, the person disposing of the shares and their respective associates, may vote).

Neither Silverlake nor HGH2 currently hold any shares directly in Finzsoft.

The Share Acquisitions will result in Silverlake holding and controlling 43.59% of the voting rights in Finzsoft and HGH2 holding and controlling 41.88% of the voting rights in Finzsoft.

Accordingly, the Non-associated Shareholders will vote at the Company's special meeting on the Share Acquisitions Resolutions.

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an acquisition under Rule 7(c).

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 15(h).

1.8 Purpose of the Report

The Finzsoft directors not associated with SHGH, Silverlake or HGH2, being Josephine Grierson, Helen Hatchard, Robert McKinnon and Gary Sim (the **Non-associated Directors**) have engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the Share Acquisitions in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 19 September 2019 to prepare this Independent Adviser's Report.

Simmons Corporate Finance issues this Independent Adviser's Report to the Non-associated Directors for the benefit of the Non-associated Shareholders to assist them in forming their own opinion on whether to vote for or against the Share Acquisitions Resolutions.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the Share Acquisitions in relation to each shareholder. This report on the merits of the Share Acquisitions is therefore necessarily general in nature.

This Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

2. Evaluation of the Merits of the Share Acquisitions

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the Share Acquisitions having regard to the interests of the Non-associated Shareholders.

There is no legal definition of the term *merits* in either the Code or in any statute dealing with securities or commercial law in New Zealand.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers and the Takeovers Code* dated 14 March 2019
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

We are of the view that an assessment of the merits of the Share Acquisitions should focus on:

- the rationale for the Share Acquisitions
- the terms and conditions of the Share Acquisitions
- the impact of the Share Acquisitions on the control of Finzsoft
- the impact of the Share Acquisitions on Finzsoft's share price
- other issues associated with the Share Acquisitions
- the implications if the Share Acquisitions Resolutions is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Summary of the Evaluation of the Merits of the Share Acquisitions

The Share Acquisitions involve the sale of 85.47% of the shares in the Company by SHGH to Silverlake and HGH2, resulting in Silverlake holding 43.59% of the Company's shares and HGH2 holding 41.88%.

The Non-associated Shareholders have 3 alternatives with regard to their voting on the Share Acquisitions Resolutions:

- vote in favour of both resolutions, in which case the Share Acquisitions will proceed, or
- vote against one or both the resolutions. In the event that either of the resolutions are not passed, then the Share Acquisitions will not proceed and SHGH will retain its 85.47% shareholding, or
- abstain from voting, in which case the voting of the other Non-associated Shareholders will determine the outcome.

In our opinion, the Share Acquisitions have no significant negative implications from the perspective of the Non-associated Shareholders.

Our evaluation of the merits of the Share Acquisitions is set out in detail in sections 2.3 to 2.8. In summary, the key factors leading to our opinion are:

- the rationale for the Share Acquisitions is sound. The Share Acquisitions arise from a fundamental breakdown in relationship between Silverlake and HGH2. Silverlake and HGH2 have decided to distribute the Finzsoft shares they currently hold in partnership through SHGH into their own names and wind up SHGH
- the terms and conditions of the Share Acquisitions are reasonable. The acquisition price for the 7,528,990 shares is *fair market value* as at 28 August 2019
- the Share Acquisitions will have some impact on the level of control over shareholder voting from the perspective of the Non-associated Shareholders. Currently SHGH controls 85.47% of the Company's voting rights and can singlehandedly determine the outcome of any special resolution or ordinary resolution. Following the Share Acquisitions, Silverlake and HGH2 will each be able to singlehandedly block a special resolution but neither shareholder will be able to singlehandedly pass a special resolution nor determine the outcome of an ordinary resolution
- SHGH can currently utilise the *creep provisions* of the Code, which enable entities that hold more than 50% but less than 90% of the voting securities in a code company to acquire up to a further 5% of the code company's shares per annum. Following the Share Acquisitions, neither Silverlake nor HGH2 will be able to utilise the *creep provisions*
- the Share Acquisitions will have no impact on the composition of Finzsoft's board of directors (the **Board**)
- the Share Acquisitions will have no impact on the level of control exerted over the Company's operations by Silverlake or HGH2
- the Share Acquisitions are unlikely to have any impact on Finzsoft's share price
- the Share Acquisitions are unlikely to have an impact on the liquidity of Finzsoft's shares unless Silverlake or HGH2 decide to sell some or all of their respective shareholdings
- the Share Acquisitions will have no dilutionary impact on the Non-associated Shareholders' voting rights
- the Share Acquisitions are unlikely to have an impact on the attraction of Finzsoft as a takeover target
- the implications of the Share Acquisitions Resolutions not being approved by the Non-associated Shareholders are that the Share Acquisitions cannot proceed and SHGH will continue to hold 85.47% of the Company's shares. Given that there has been a fundamental breakdown in the relationship between Silverlake and HGH2 which has had a negative impact on Finzsoft, this is unlikely to be beneficial to the Company.

2.3 Rationale for the Share Acquisitions

The Share Acquisitions arise due to a fundamental breakdown in the relationship between Silverlake and HGH2, including disagreement on a number of matters as described in the Deed relating to:

- whether Mohd Munir Abdul Majid has been validly appointed as an independent director of SHGH
- the amendment of the constitution of SHGH and appointment of an independent director nominated by HGH2
- the validity of any appointment of the auditor of SHGH (for the financial years ended 30 June, 2017 and 2018) and the appointment of any auditor of SHGH for the financial years ended 30 June, 2019 and 2020
- finalising matters in respect of the financial statements of SHGH
- the necessity and appropriateness of seeking financial and other information from Finzsoft and
- the sharing of costs incurred by Silverlake in respect of SHGH, including a claim by Silverlake that HGH2 owes Silverlake \$50,981 for SHGH costs paid by Silverlake.

Given this relationship breakdown, Silverlake and HGH2 have agreed to terminate the SHGH joint venture arrangement and resolve the matters between them by undertaking the Share Acquisitions and the other steps set out in the Deed (including the Shareholder Loan Forgiveness and the winding up of SHGH).

2.4 Impact on Control

Shareholding Voting

Finzsoft currently has 8,808,830 fully paid ordinary shares on issue held by 135 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 4 October 2019 are set out below.

10 Largest Shareholders		
Shareholder	No. of Shares	%
SHGH	7,528,990	85.47%
CRX Investments Pty Limited	323,150	3.67%
Tim Hurring and Susan Hurring	130,000	1.48%
Sheenu Chawla	91,333	1.04%
Salubh Sharma	91,333	1.04%
Zinka Matulic	65,907	0.75%
Tim Hurring	65,867	0.75%
Maarten Janssen	49,094	0.56%
Neville Dickey	41,770	0.47%
Ying Zhu	30,000	0.34%
Subtotal	8,417,444	95.56%
Others (125 shareholders)	391,386	4.44%
Total	8,808,830	100.00%

Source: NZX Company Research

The Share Acquisitions will result in SHGH's 85.47% of the voting rights in the Company being held in 2 parcels by Silverlake (43.59%) and HGH2 (41.88%).

From the Non-associated Shareholders' perspective, there will be limited change in the level of control over shareholder voting as Silverlake and HGH2 will collectively assume the level of control that SHGH currently holds, assuming they vote in the same manner.

At present, SHGH is able to singlehandedly determine the outcome of any special resolutions (which require the approval of 75% of the votes cast by shareholders) and the outcome of any ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders), subject always to applicable voting restrictions under the NZX Listing Rules and the Companies Act 1993 (the **Act**).

Following the Share Acquisitions, the level of control over shareholder voting will change to some degree:

- either Silverlake or HGH2 will be able to singlehandedly block any special resolution
- neither Silverlake nor HGH2 will be able to singlehandedly pass any special resolution or determine the outcome of any ordinary resolution
- if Silverlake and HGH2 vote in the same manner, they will collectively be able to determine the outcome of any special resolution or ordinary resolution
- if Silverlake and HGH2 vote against each other on any ordinary resolution, then the votes of the Non-associated Shareholders will determine the outcome of the resolution.

Increasing Shareholding Levels

Following the Share Acquisitions, neither Silverlake nor HGH2 will be able to further increase their shareholding in Finzsoft unless they comply with the provisions of the Code. Silverlake and HGH2 will only be able to acquire more shares in Finzsoft if:

- they make a full or partial takeover offer or
- a share acquisition is approved by way of an ordinary resolution of shareholders or
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of shareholders
- the Company undertakes a share buyback that is approved by the Company's shareholders and Silverlake and / or HGH2 do not accept the offer of the buyback.

Neither Silverlake nor HGH2 will be able to utilise the *creep provisions* under Rule 7(e) of the Code. The *creep provisions* enable entities that hold more than 50% but less than 90% of the voting securities in a code company to acquire up to a further 5% of the code company's shares per annum.

SHGH is currently able to utilise the *creep provisions*.

Board of Directors

The directors of Finzsoft are:

- Josephine Grierson, independent deputy chair
- Helen Hatchard, non-independent non-executive director
- Andrew Holliday, managing director, associated with HGH2
- Robert McKinnon, independent chair
- Gary Sim, non-independent non-executive director
- Simon Scott, alternate director for Andrew Holliday
- Kwong Yong Sin, non-independent non-executive director, associated with Silverlake.

The Non-associated Directors have advised us that the Share Acquisitions will have no impact on the composition of the Board in the near term.

Operations

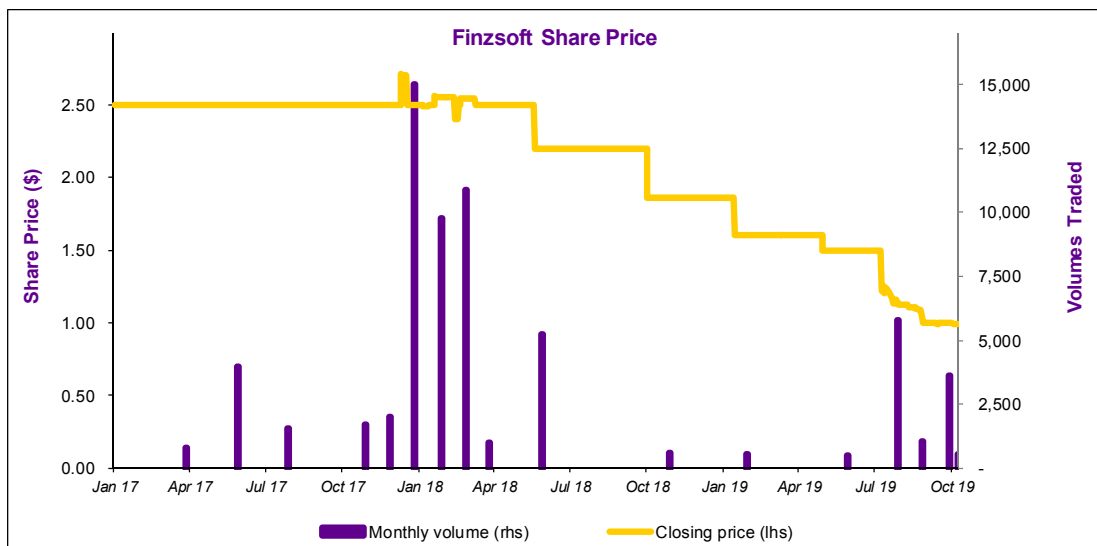
The Non-associated Directors have advised us that they do not expect the Share Acquisitions to have any impact on the level of control exerted by Silverlake or HGH2 over the Company's operations.

Protection for Minority Shareholders

While Silverlake and HGH2 will have significant control over Finzsoft, neither shareholder can act in an oppressive manner against minority shareholders. The Act provides a level of protection to minority shareholders. Furthermore, any transactions between Finzsoft and any shareholder holding 10% or more of the Company's shares will need to satisfy the requirements of the NZX Listing Rules with respect to material transactions with related parties.

2.5 Impact on Share Price and Liquidity

Set out below is a summary of Finzsoft's daily closing share price and monthly volumes traded from 4 January 2017 to 11 October 2019.



Source: NZX Company Research

During the period, Finzsoft's shares traded between \$0.99 (on 16 September 2019) and \$2.71 (on 14 December 2017) at a volume weighted average share price (VWAP) of \$2.27.

Share Price Unlikely to be Impacted

The Deed stipulates that the Share Acquisitions will be undertaken at the *fair market value* of the shares as at 28 August 2019.

In respect of the determination of the *fair market value* of the shares as at 28 August 2019, Silverlake and HGH2 have advised Finzsoft as follows:

- it has been agreed to liquidate SHGH after the Share Acquisitions are completed
- as part of the liquidation process, the liquidator may be required to determine the *fair market value* of the 7,528,990 shares as at 28 August 2019, so that this sum can be set off against the then outstanding shareholder loans made by each of Silverlake and HGH2 to SHGH. As set out in section 1.3, the shareholder loans made by Silverlake and HGH2 as at 28 August 2019 amounted to \$11,760,557 and \$11,204,067 respectively. The Company's closing share price on the NZX Main Board on 28 August 2019 was \$1.12, representing a market capitalisation of the Company at that time of \$9,865,890 (which is significantly less than the outstanding shareholder loans)
- on the day the Share Acquisitions shares are transferred to Silverlake and HGH2 (ie on the first working day after the special meeting of shareholders), each of Silverlake and HGH2 will, in consideration for their respective transfer, agree that the *fair market value* of those shares as at 28 August 2019 will be set off against their respective shareholder loans on the date of transfer of the shares. Upon SHGH being wound up, if the liquidator believes it necessary to determine the exact amount of the *fair market value* of those shares that was set off, the liquidator would determine that *fair market value* at that time. It may not be necessary to determine this exact sum given it will be set off against the shareholder loans, with the balance of those shareholder loans then forgiven (save for the balance of the cash of SHGH (following payment of \$4,459.40 to SHGH's service provider) being paid to Silverlake), upon the winding up of SHGH. When determining *fair market value* it is customary for a company whose shares are listed on the NZX Main Board to use a VWAP over a period of time. The liquidator may choose, for example, to use a one week or a one month VWAP (each of which would give a value of \$1.12). However, given that the shares of the Company are thinly traded, the liquidator may determine to adopt another measure. This would be a matter for the liquidator and neither Silverlake nor HGH2 would set this sum.

Assuming that *fair market value* is established by reference to the recent prices at which Finzsoft's shares traded at up to 28 August 2019, we are of the view that the Share Acquisitions are unlikely to have any impact on Finzsoft's share price.

Liquidity of Finzsoft Shares Unlikely to Change

Trading in the Company’s shares is extremely thin, reflecting that SHGH holds 85.47% of Finzsoft’s shares and the top 10 shareholders collectively hold 95.56% of the shares.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 11 October 2019 is set out below.

Share Trading up to 11 October 2019					
Period	Low (\$)	High (\$)	VWAP (\$)	Volume Traded (000)	Liquidity
1 month	0.99	1.00	1.00	4	0.0%
3 months	0.99	1.25	1.13	11	0.1%
6 months	0.99	1.50	1.14	11	0.1%
12 months	0.99	1.60	1.16	12	0.1%

Source: NZX Company Research

The shares traded on only 55 days in the year to 11 October 2019.

The number of shares held by the Non-associated Shareholders will not change under the Share Acquisitions. Therefore the liquidity of the Finzsoft shares is unlikely to change unless Silverlake or HGH2 decide to sell some or all of their respective shareholdings.

2.6 Other Issues

No Dilutionary Impact

As the Share Acquisitions are a transfer of existing shares between SHGH and Silverlake and HGH2, they will have no dilutionary impact on the Non-associated Shareholders. No new shares are being issued by the Company.

Unlikely to Significantly Change the Attraction of Finzsoft as a Takeover Target

In our view, the Share Acquisitions are unlikely to have any significant impact on the attraction of Finzsoft as a takeover target.

Any bidder currently looking to make a takeover offer for the Company would need to ensure that SHGH would accept its offer. This would require both Silverlake and HGH2 to agree to SHGH accepting the offer.

Following the Share Acquisitions, any bidder looking to make a full takeover offer would still need to ensure both Silverlake and HGH2 would accept its offer. However, a bidder looking to make a partial takeover offer may be able to do so successfully with just Silverlake or HGH2 accepting its offer.

Non-associated Shareholder Approval is Required

Pursuant to Rule 7(c) of the Code, the Non-associated Shareholders must approve by ordinary resolution the Share Acquisitions.

The Share Acquisitions will not proceed unless the Non-associated Shareholders approve the Share Acquisitions Resolutions.

No Impact on Financial Position

As the Share Acquisitions are a transfer of existing shares and do not alter the Company's capital structure, they will have no direct impact on Finzsoft's financial position.

No Change in Business Risk

Similarly, the Share Acquisitions will have no immediate impact on the business risks faced by the Company.

2.7 Likelihood of the Share Acquisitions Resolutions Being Approved

The Non-associated Directors have stated in the notice of special meeting that they recommend voting in favour of the Share Acquisitions Resolutions.

The Share Acquisitions Resolutions are ordinary resolutions and are interdependent. SHGH, Silverlake and HGH2 and their respective associates cannot vote on the Share Acquisitions Resolutions.

The Non-associated Shareholders collectively hold 14.53% of the Company's shares. Accordingly, their votes will determine the outcome of whether the Share Acquisitions Resolutions will be approved. If all of the Non-associated Shareholders' shares are voted, then at least 7.27% of the shares must be voted in favour of the resolutions for them to pass.

2.8 Implications if the Share Acquisitions Resolutions are not Approved

If the Share Acquisitions Resolutions are not approved, the Share Acquisitions cannot proceed and SHGH will retain its 85.47% shareholding.

As set out in section 2.3, there has been a fundamental breakdown in the relationship between Silverlake and HGH2 and they have decided that the termination of the SHGH joint venture arrangement is the best way to resolve the matter.

Silverlake and HGH2 may look to undertake a similar transaction to the Share Acquisitions in the future or sell SHGH's shareholding to another party. Either approach will require shareholder approval or the prospective purchaser making a takeover offer. Either scenario will lead to the Company incurring additional costs.

2.9 Voting For or Against the Share Acquisitions Resolutions

Voting for or against the Share Acquisitions Resolutions is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Non-associated Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

3. Sources of Information, Reliance on Information, Disclaimer and Indemnity

3.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of special meeting
- the Deed dated 28 August 2019
- the Finzsoft annual reports for the years ended 30 June, 2018 and 2019
- data in respect of Finzsoft from NZX Company Research and S&P Capital IQ.

During the course of preparing this report, we have had discussions with and / or received information from the Non-associated Directors.

The Non-associated Directors have confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the Share Acquisitions that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report.

In our opinion, the information to be provided by Finzsoft to the Non-associated Shareholders is sufficient to enable the Non-associated Directors and the Non-associated Shareholders to understand all the relevant factors and to make an informed decision in respect of the Share Acquisitions.

3.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Finzsoft and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Finzsoft. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

3.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Finzsoft will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Finzsoft and its directors and management. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the notice of special meeting issued by Finzsoft and have not verified or approved the contents of the notice of special meeting. We do not accept any responsibility for the contents of the notice of special meeting except for this report.

3.4 Indemnity

Finzsoft has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Finzsoft has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

4. Qualifications and Expertise, Independence, Declarations and Consents

4.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

4.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Finzsoft, SHGH, Silverlake or HGH2 or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Share Acquisitions.

Simmons Corporate Finance has not had any part in the formulation of the Share Acquisitions or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting in respect of the Share Acquisitions Resolutions. We will receive no other benefit from the preparation of this report.

4.3 Declarations

An advance draft of this report was provided to the Non-associated Directors for their comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

4.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of special meeting to be sent to the Non-associated Shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons
Director

Simmons Corporate Finance Limited

11 October 2019