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FINSOFT CORPORATION

匯財軟件公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8018)

DISCLOSEABLE TRANSACTION: INVESTMENT IN THE JOINT VENTURE COMPANY

After trading hours on 9 January 2014, Winrange (a wholly-owned subsidiary of the Company) entered into the Shareholders Agreement with the JV Parties pursuant to which the JV Parties have agreed to invest in the JV Company. It is the intention of the JV Parties that the JV Company will be the holding company of the Target Company. The aggregate capital contribution by Winrange to the JV Company is HK\$4,861,530 and Winrange will hold 30% of the issued share capital of the JV Company.

The Shareholders Agreement constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

After trading hours on 9 January 2014, Winrange (a wholly-owned subsidiary of the Company) entered into the Shareholders Agreement with the JV Parties pursuant to which the JV Parties have agreed to invest in the JV Company. It is the intention of the JV Parties that the JV Company will be the holding company of the Target Company. The principal terms of the Shareholders Agreement are set out below:

THE SHAREHOLDERS AGREEMENT

Date

9 January 2014

Parties

- (a) Mr. Kwok;
- (b) Winrange (a wholly-owned subsidiary of the Company);
- (c) Time Smart; and
- (d) JV Company.

As at the date of this announcement, Mr. Kwok is deemed to be interested in 5.625% of the issued share capital of the Company under Part XV of the SFO.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the principal business of Time Smart is investment holding; (ii) Mr. Kwok is an Independent Third Party; and (iii) each of Time Smart and the JV Company and their respective ultimate beneficial owners is an Independent Third Party.

Business of the JV Company

The JV Company shall only engage in the businesses of investment holding (including holding interest in company which is engaged in businesses in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO) and provision of referral services (i.e. the JV Company will source, identify and refer prospective deal opportunities to interested parties in return for commission fees) or reasonably incidental thereto except with the prior approval of all shareholders of the JV Company.

Capital contribution

As at the time of the signing of the Shareholders Agreement, the issued share capital of the JV Company is US\$1, and is 100% owned by Mr. Kwok.

First tranche

Immediately after the signing of the Shareholders Agreement, each of the JV Parties shall subscribe new shares of the JV Company in cash in the following proportion:

Party	Number of new shares of the JV Company to be subscribed	Amount to be paid	Percentage of shareholding held in the JV Company after the subscription
Mr. Kwok	49	HK\$247,499	50%
Winrange	30	HK\$151,530	30%
Time Smart	20	HK\$101,020	20%
Total	<u>99</u>	<u>HK\$500,049</u>	<u>100%</u>

Completion of the abovementioned first tranche of subscription has taken place immediately after the signing of the Shareholders Agreement and Winrange is interested in 30% of the issued share capital of the JV Company and the JV Company is accounted for as an associate of the Company.

Second tranche

If the JV Company shall proceed with the Acquisition, on or before a date to be determined by the board of directors of the JV Company (which shall not be later than the date of completion of the Acquisition), each of the JV Parties shall subscribe new shares of the JV Company in cash in the following proportion:

Party	Number of new shares of the JV Company to be subscribed	Amount to be paid	Percentage of shareholding held in the JV Company after the subscription
Mr. Kwok	50	HK\$7,850,000	50%
Winrange	30	HK\$4,710,000	30%
Time Smart	20	HK\$3,140,000	20%
Total	<u>100</u>	<u>HK\$15,700,000</u>	<u>100%</u>

The amount of the subscription money payable by the JV Parties to the JV Company was determined after arm's length negotiation between the JV Parties with reference to the consideration payable by the JV Company under the Acquisition. The aggregate subscription money of HK\$4,861,530 payable by Winrange pursuant to the Shareholders Agreement will be funded by the Group's internal resources.

If the completion of the Acquisition does not take place by the Long Stop Date, the abovementioned second tranche of subscription will not proceed and in such case, Mr. Kwok shall forthwith acquire from Winrange and Time Smart the 30 shares of the JV Company owned by Winrange and 20 shares of the JV Company owned by Time Smart at the price of HK\$5,051 per share of the JV Company.

Board composition

The board of directors of the JV Company shall consist of three directors, where each of the JV Parties shall have the right to appoint one director of the JV Company. The quorum for a meeting of the board of directors of the JV Company shall be three directors present in person or by their alternates for the time being.

Restriction on encumbrances and transfer of JV Shares

None of the JV Parties shall, except with the prior written consent of the other JV Parties, transfer, create or permit to subsist any encumbrance over all or any of the shares of the JV Company or any interest therein from time to time being held by it.

Dividend policy

Subject to any applicable legal requirements, the provisions of the constitution documents of the JV Company, any restrictions imposed under any loan agreements, security documents or other contracts, not less than 10% of the profits or, where applicable, the consolidated profits of the JV Company attributable to the shareholders of the JV Company for each interim period ending 30 September and 31 March, after making adequate reserve for the following items, shall be distributed to the shareholders of the JV Company.

- (a) taxation of any form;
- (b) actual or contingent liabilities;
- (c) reasonable working capital;
- (d) accumulated amount of losses; and
- (e) other purposes which the directors of the JV Company shall consider reasonable.

Reserved matters

The JV Company is not authorized to take any of the following actions, or to approve that any subsidiary of the JV Company to take any of the following actions, unless it first obtains approval for such action by its shareholders holding at least 90% of the JV Company's issued share capital:

- (a) amend the articles of association or memorandum of the JV Company;
- (b) incur any debt obligation, or make any payment or series of payments to any person, that is either (i) not in the ordinary course of business, or (ii) in excess of US\$100,000 whether or not in the ordinary course of business; in either case, whether contingent or otherwise, or by way of contract, guarantee, indemnity or otherwise;
- (c) make any loan or grant any credit to any person in excess of US\$100,000, or grant any guarantee, indemnity or security in respect of the obligations of any other person;
- (d) create or permit (to the extent it has the ability to prevent) any encumbrance on any of its or its subsidiaries' assets, except for encumbrances (i) arising by operation of law in the ordinary course of business, (ii) incidental to other transactions approved by the shareholders;
- (e) compromise any judgment or settle or enter into any settlement in any criminal or civil proceeding;
- (f) file a petition in bankruptcy, appoint a receiver or trustee or make an assignment for the benefit of creditors;
- (g) dissolve, liquidate or wind up the affairs of the JV Company;

- (h) merge or consolidate the JV Company with or into any other partnership, corporation, limited liability company or other entity, or sell all or substantially all of the assets of the JV Company or any subsidiary of the JV Company;
- (i) transfer, sell, lease or purchase any real or personal property with a value, or creating an obligation, in excess of US\$100,000;
- (j) enter into, or amend, any agreement, contract or other binding obligation, between the JV Company and any of its shareholders, directors or affiliates of either (an “affiliate” of an individual or entity means any other individual or entity controlling, controlled by or under common control with such individual or entity, and, in the case of individuals, also means any parent, spouse, sibling, son or daughter of such individual); or
- (k) authorize, by contract or otherwise, any person to receive remuneration calculated by reference to the JV Company’s income or profits.

PRINCIPAL BUSINESS ACTIVITIES AND USE OF CAPITAL CONTRIBUTION

The JV Company is a company incorporated in the British Virgin Islands on 25 November 2013. It has not commenced any business since its incorporation.

On 9 January 2014, the JV Company entered into the SP Agreement pursuant to which the JV Company has agreed to acquire from the Vendors the entire issued share capital of the Target Company at the consideration of HK\$16,040,000, subject to dollar-to-dollar downward adjustment if the net assets value of the Target Company as at completion of the Acquisition is less than HK\$14,539,256. Completion of the Acquisition is subject to, among other things, Securities and Futures Commission of Hong Kong having granted the approval or consent or having no objection (as the case may be) to the Acquisition. Upon the signing of the SP Agreement, the JV Company shall pay a deposit of HK\$500,000 to the Vendors and the remaining balance of the consideration shall be payable by the JV Company upon completion of the Acquisition.

The Target Company is a company incorporated in Hong Kong with limited liability on 11 May 1998. It is a licensed corporation to carry out businesses in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

The JV Parties agree that the subscription money received by the JV Company pursuant to the Shareholders Agreement shall be applied to settle the consideration payable by the JV Company under the Acquisition.

REASONS FOR AND BENEFITS OF THE SHAREHOLDERS AGREEMENT

The Group is principally engaged in the development, sale and lease of financial trading software solutions with the principal products being trading and settlement systems of financial products for financial institutions.

The entering into of the Shareholders Agreement by the Group will allow the Group to, upon completion of the Acquisition, invest into an established financial institution in Hong Kong. The Directors believe that such investment could assist the Group in its product development of financial trading software solutions for financial institutions in Hong Kong as the Group could develop, trial run and enhance its products through the financial and securities trading platform of the Target Company prior to releasing to its customers and the market. It can further connect the Group with the financial industry and the Group could also enjoy returns from such investment in form of dividend.

The Directors are of the view that the terms of the Shareholders Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

The Shareholders Agreement constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expression shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the proposed acquisition of the entire interest of the Target Company by the JV Company
“Board”	the board of Directors
“Company”	Finsoft Corporation, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of the Company and connected persons (as defined in the GEM Listing Rules) of the Company
“JV Company”	Gavottes International Limited, a company incorporated in the British Virgin Islands which as at the time of signing of the Shareholders Agreement was 100% owned by Mr. Kwok

“JV Parties”	collectively, Mr. Kwok, Winrange and Time Smart and a “JV Party” shall be construed accordingly
“Long Stop Date”	the date which is six months after the date of the Shareholders Agreement (or such other date agreed by the JV Parties)
“Mr. Kwok”	Mr. Kwok Shun Tim, being one of the JV Parties
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	the shares of the Company of HK\$0.01 each
“Shareholders”	holders of the Shares
“Shareholders Agreement”	the shareholders agreement dated 9 January 2014 entered into between the JV Parties to record the respective rights and obligations of the JV Parties and the arrangements between them and the JV Company and amongst themselves with respect to the ownership, management and operations of the JV Company
“SP Agreement”	the sale and purchase agreement dated 9 January 2014 entered into between the JV Company and the Vendors in relation to the sale and purchase of the entire issued share capital of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Gransing Securities Co., Limited 鼎成證券有限公司, a company incorporated in Hong Kong with limited liability and is a licensed corporation to carry out businesses in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Time Smart”	Time Smart Development Limited, a company incorporated in the British Virgin Islands, being one of the JV Parties
“Vendors”	Oei Hong Eng and Que Bon Tan Gerald, being the shareholders of the Target Company and each of them is an Independent Third Party
“Winrange”	Winrange Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Finsoft Corporation
Mr. Chan Sek Keung, Ringo
Chairman

Hong Kong, 9 January 2014

As at the date of this announcement, the Board consists of Mr. Li Hoi Kong, and Mr. Lai Wai Ho, Samson being the Executive Directors, Mr. Chan Sek Keung, Ringo being the Non-executive Director and Chairman, Ms. Lee Kwun Ling, May Jean, Mr. Tai Man Hin, Tony and Mr. Yuen Shiu Wai being the Independent Non-executive Directors.

This announcement, for which the directors of the Company 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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the website of the Company at www.finsoftcorp.com.