

FINSOFT CORPORATION

匯財軟件公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8018



First Quarterly Report **2014**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Finsoft Corporation (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 report 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 report misleading.

FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2014 (the “Period”), together with the audited comparative figures for the corresponding period in 2013, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2014

| | | Three months ended 31 March | |
|---|-------|-----------------------------|---------------------------|
| | | 2014 | 2013 |
| | | HK\$ | HK\$ |
| | Notes | (Unaudited) | (Audited) |
| Revenue | 3 | 8,534,723 | 8,204,830 |
| Cost of sales | | <u>(2,381,048)</u> | <u>(2,180,544)</u> |
| Gross profit | | 6,153,675 | 6,024,286 |
| Investment and other income | | 52,791 | 6 |
| Other gains and losses | | – | 167,705 |
| Administrative expenses | | (6,047,726) | (2,767,702) |
| Share of losses of an associate | | (3,090) | – |
| Listing expenses | | <u>–</u> | <u>(3,939,806)</u> |
| Profit/(loss) before tax | | 155,650 | (515,511) |
| Income tax expense | 4 | <u>(292,746)</u> | <u>(490,284)</u> |
| Loss and total comprehensive expense for the period | 5 | <u>(137,096)</u> | <u>(1,005,795)</u> |
| Loss and total comprehensive expense for the period attributable to: | | | |
| Owners of the Company | | (137,096) | (1,004,589) |
| Non-controlling interests | | <u>–</u> | <u>(1,206)</u> |
| | | <u>(137,096)</u> | <u>(1,005,795)</u> |
| Loss per share | | | |
| – Basic and diluted (HK cents per share) | 7 | <u>(0.007)</u> | <u>(0.067)</u> |

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 18 December 2012 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company (the “Shares”) were listed on the GEM of the Stock Exchange on 26 September 2013 (the “Listing”). The address of the Company’s registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is 23/F, W Square, 318 Hennessy Road, Wanchai, Hong Kong.

The Group is principally engaged in the development, sale and provision of financial trading software solutions and provision of referral services.

The unaudited condensed consolidated results are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated statement of comprehensive income of the Group for the Period has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the Hong Kong Companies Ordinance. It has been prepared on the historical cost basis.

The accounting policies adopted in preparing the unaudited condensed consolidated results for the Period were consistent with those applied in the annual financial statements for the year ended 31 December 2013, except for the adoption of the new and revised HKFRSs which are effective for accounting periods beginning on 1 January 2014. The adoption of these new and revised HKFRSs has had no material effect on the Group's financial performance and positions for the current and prior periods.

It should be noted that accounting estimates and assumptions are used in the preparation of unaudited condensed consolidated results. Although these estimates are based on management's best knowledge and judgement to current events and actions, actual results may ultimately differ from those estimates.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

| | |
|--|--|
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010–2012 Cycle ² |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011–2013 Cycle ¹ |
| HKFRS 9 | Financial Instruments ⁴ |
| HKFRS 14 | Regulatory Deferral Accounts ³ |
| Amendments to HKFRS 9, HKFRS 7 and HKAS 39 | Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 ⁴ |
| Amendments to HKAS 19 (2011) | Defined Benefit Plans: Employee Contributions ¹ |

¹ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted

² Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

³ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

⁴ No mandatory effective date yet determined but is available for adoption

3. REVENUE

An analysis of the Group's revenue from its major products and services is as follows:

| | Three months ended 31 March | |
|--|-----------------------------|---------------------------|
| | 2014 HK\$ (Unaudited) | 2013 HK\$ (Audited) |
| Sales of hardware | 356,269 | 50,095 |
| Sales of technology software systems | 1,132,000 | 1,752,000 |
| System customisation and network support | 735,055 | 802,300 |
| Software maintenance | 2,268,823 | 2,197,306 |
| Software licensing | 2,842,470 | 2,990,600 |
| Hosting | 347,820 | 358,320 |
| Referral | 850,000 | – |
| Others | 2,286 | 54,209 |
| | <u>8,534,723</u> | <u>8,204,830</u> |

4. INCOME TAX EXPENSE

| | Three months ended 31 March | |
|---|-----------------------------|---------------------------|
| | 2014 HK\$ (Unaudited) | 2013 HK\$ (Audited) |
| Current tax | | |
| – Hong Kong Profits Tax | 196,945 | 490,284 |
| Deferred tax | 95,801 | – |
| | <u>292,746</u> | <u>490,284</u> |
| Total income tax recognised in profit or loss | | |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit arising in or derived from Hong Kong for both periods.



5. LOSS FOR THE PERIOD

| | Three months ended 31 March | |
|---|-----------------------------|------------------|
| | 2014 | 2013 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Audited) |
| Loss for the period has been arrived at after charging/(crediting): | | |
| Depreciation of property, plant and equipment | 89,937 | 68,596 |
| Amortisation of intangible assets | 67,701 | – |
| Operating lease payments in respect of rented premises | <u>574,377</u> | <u>458,370</u> |
| Employee benefits expense: | | |
| Salaries and other benefits | 4,637,293 | 3,780,361 |
| Contributions to retirement benefits scheme | <u>151,932</u> | <u>125,268</u> |
| Total employee benefits expense, including directors' emoluments | 4,789,225 | 3,905,629 |
| Less: Amounts capitalised in development costs | <u>(648,313)</u> | <u>(350,059)</u> |
| | <u>4,140,912</u> | <u>3,555,570</u> |

During the three months ended 31 March 2014 and 31 March 2013, total employee benefits expense amounted to HK\$1,655,159 and HK\$1,861,790 respectively was included in cost of sales and amounted to HK\$2,485,753 and HK\$1,693,780 respectively was included in administrative expenses.

6. DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the Period (three months ended 31 March 2013: Nil).

7. LOSS PER SHARE

| | Three months ended 31 March | |
|---|-----------------------------|--------------------|
| | 2014 | 2013 |
| | HK\$ | HK\$ |
| | (Unaudited) | (Audited) |
| Loss | | |
| Loss for the period attributable to owners of the Company for the purpose of basic loss per share | <u>(137,096)</u> | <u>(1,004,589)</u> |

| | Three months ended 31 March | |
|--|-----------------------------|------------|
| | 2014 | 2013 |
| | (Unaudited) | (Audited) |
| | | (Restated) |

Number of shares

| | | |
|--|----------------------|----------------------|
| Weighted average number of ordinary shares for the purpose of basic loss per share | <u>2,000,000,000</u> | <u>1,500,000,000</u> |
|--|----------------------|----------------------|

The calculation of the basic loss per share attributable to owners of the Company for both periods was based on (i) the loss attributable to owners of the Company; and (ii) the weighted average number of ordinary shares.

The weighted average number of ordinary shares for the purpose of basic loss per share for the three months ended 31 March 2014 was derived from 2,000,000,000 shares in issue throughout the three months ended 31 March 2014, assuming the Share Subdivision, as defined on page 11 of this report under the paragraph headed "Proposed Share Subdivision and Change of Board Lot Size", was conducted at the beginning of the earliest period presented.

The weighted average number of ordinary shares for the purpose of basic loss per share for the three months ended 31 March 2013 of 1,500,000,000 shares was derived from (i) comprising 10,000 shares in issue and 149,990,000 shares issued under the capitalisation issue, as if these 150,000,000 shares were outstanding since 1 January 2013 and (ii) assuming the Share Subdivision was conducted at 1 January 2013.

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the three months ended 31 March 2014 and 31 March 2013.



8. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | Attributable to non-controlling interests HK\$ | Total HK\$ |
|--|---------------------------------------|-----------------------|------------------------|--------------------------|-------------------|---|---------------|
| | Share capital HK\$ | Share premium HK\$ | Merger reserve HK\$ | Retained profits HK\$ | Sub-total HK\$ | | |
| Balance at 1 January 2013 (Audited) | 77,894 | - | - | 12,830,463 | 12,908,357 | 2,367 | 12,910,724 |
| Loss for the period (Audited) | - | - | - | (1,004,589) | (1,004,589) | (1,206) | (1,005,795) |
| Other comprehensive income for the period (Audited) | - | - | - | - | - | - | - |
| Total comprehensive expense for the period (Audited) | - | - | - | (1,004,589) | (1,004,589) | (1,206) | (1,005,795) |
| Deregistration of a subsidiary (Audited) | - | - | - | - | - | (1,161) | (1,161) |
| Balance at 31 March 2013 (Audited) | 77,894 | - | - | 11,825,874 | 11,903,768 | - | 11,903,768 |
| Balance at 1 January 2014 (Audited) | 2,000,000 | 34,609,605 | 77,794 | 12,260,173 | 48,947,572 | - | 48,947,572 |
| Loss for the period (Unaudited) | - | - | - | (137,096) | (137,096) | - | (137,096) |
| Other comprehensive income for the period (Unaudited) | - | - | - | - | - | - | - |
| Total comprehensive expense for the period (Unaudited) | - | - | - | (137,096) | (137,096) | - | (137,096) |
| Balance at 31 March 2014 (Unaudited) | 2,000,000 | 34,609,605 | 77,794 | 12,123,077 | 48,810,476 | - | 48,810,476 |

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

The Group is principally engaged in the development, sale and provision of financial trading software solutions and provision of referral services.

For the Period, the operating and business environment of the Group remained stable and the Group recorded a total revenue of approximately HK\$8,535,000 as compared with that of the corresponding period in 2013 (three months ended 31 March 2013: approximately HK\$8,205,000).

Financial Trading Software Solutions – iAsia Online systems Limited (“iAsia”)

Revenue from the financial trading software solutions business segment amounted to approximately HK\$7,685,000 (three months ended 31 March 2013: approximately HK\$8,205,000) for the Period.

During the Period, iAsia continued to place strong emphasis on research and development (“R&D”) on the enhancement of existing products as well as the development of new products, which is vital to the business development and competitiveness of iAsia.

The enhancement of the trading interface and market data interface of the Securities Front Office Systems has been completed. The enhanced system has passed the certification tests of HKEx’s Orion Central Gateway and will be officially launched in the second quarter of 2014. The enhancement of market data interface of the Futures Front Office Systems is still in progress as the R&D team is identifying and approaching a suitable and potential customer for performing the testings of HKEx’s Orion Market Data Platform-Derivatives Market.

For the new products, the development of the Android version of the Mobile App for Retail Investors for trading futures has been completed and this App will be launched in the second quarter of 2014. Meanwhile, iAsia has commenced the development of the iOS version of the Mobile App for Retail Investors for trading futures and target to launch the iOS version of the Mobile App by the second half of 2014 as well. On the other hand, the R&D team is conducting the system development works for the Order Management System and the Algorithmic Trading System.

Referral Business – Dealmatch.com Limited (“Dealmatch”) and ChinaQFII Company Limited (“ChinaQFII”)

The Group commenced the referral business in the fourth quarter of 2013. Revenue from the referral business segment amounted to HK\$850,000 (three months ended 31 March 2013: Nil) for the Period.

By establishing Dealmatch and acquiring ChinaQFII last year, synergy has been achieved for the referral business division of the Group. During the Period, the referral business division has expanded its customer base to various industries, identified potential targets and successfully referred the targets to the interested companies.

Financial Review

Revenue

The revenue for the Period was approximately HK\$8,535,000, representing an increase of approximately HK\$330,000 or 4.02% as compared with that of the corresponding period in 2013 (three months ended 31 March 2013: approximately HK\$8,205,000). The increase was mainly due to the combined effect of the decrease in the revenue from the sales of technology software systems of HK\$620,000 and the recognition of HK\$850,000 referral income (three months ended 31 March 2013: Nil) from the referral business which commenced in the fourth quarter of 2013.

Gross profit and gross profit margin

Gross profit for the Period was approximately HK\$6,154,000, representing a slight increase of approximately 2.15% as compared with that of the corresponding period in 2013 (three months ended 31 March 2013: approximately HK\$6,024,000) which was in line with the slight increase in revenue. Gross profit margin of the Group for the Period remained stable at approximately 72.10% (three months ended 31 March 2013: approximately 73.42%).

Administrative expenses

The Group's administrative expenses for the Period amounted to approximately HK\$6,048,000, representing an increase of approximately HK\$3,280,000 or 118.51% as compared with that of the corresponding period in 2013 (three months ended 31 March 2013: approximately HK\$2,768,000). The significant increase was primarily attributable to the combined effect of (i) the increase in advertising and marketing expenses of approximately HK\$1,080,000; (ii) the increase in administrative staff costs, including directors' emoluments of approximately HK\$792,000; (iii) the increase in consultancy fees of approximately HK\$484,000; and (iv) the increase in legal and professional fees of approximately HK\$262,000 during the Period.

Loss for the period

The Group incurred a loss of approximately HK\$137,000 for the Period, as compared with a loss of approximately HK\$1,006,000 for the corresponding period in 2013. The Group's net loss decreased by approximately HK\$869,000 as compared with that of the corresponding period in 2013 mainly due to the combined effect of (i) no Listing expenses have been incurred during the Period (three months ended 31 March 2013: approximately HK\$3,940,000); and (ii) the increase in administrative expenses of approximately HK\$3,280,000 as elaborated above under the paragraph headed "Administrative expenses".

Investment in the Joint Venture Company

On 9 January 2014, the Group entered into the shareholders agreement (the “Previous SHA”) with Time Smart Development Limited (“Time Smart”) and Mr. Kwok Shun Tim (“Mr. Kwok”), each of both being an independent third party, to jointly invest in Gavottes International Limited, a company incorporated in the British Virgin Islands (the “JV Company”). On the same date, the JV Company entered into the sale and purchase agreement with Mr. Que Bon Tan Gerald and Ms. Oei Hong Eng (“Ms. Oei”), each of both being an independent third party, pursuant to which the JV Company has agreed to acquire the entire issued share capital of Gransing Securities Co., Limited, a company incorporated in Hong Kong with limited liability at the consideration of HK\$16,040,000, subject to dollar-to-dollar downward adjustments. The aggregate capital contribution by the Group to the JV Company is HK\$4,861,530 and the Group holds 30% of the issued share capital of the JV Company. With the consent of the Group, Time Smart and Mr. Kwok, Mr. Kwok transferred all his shares in the JV Company to Ms. Oei on 30 April 2014. As a result of the change of shareholders of the JV Company, on 30 April 2014, (i) the Group, Time Smart and Mr. Kwok entered into the termination agreement to cancel the Previous SHA with effect from the date of the termination agreement; and (ii) the Group, Time Smart and Ms. Oei entered into the new shareholders agreement (the “New SHA”) to govern the shareholdings and the management of the JV Company. Under the New SHA, the aggregate capital contribution by the Group to the JV Company remains to be HK\$4,861,530 and the Group remains to hold 30% of the issued share capital of the JV Company. As at the date of this report, the above acquisition is not yet completed. Details of the transaction are set out in the Company’s announcements dated 9 January 2014 and 30 April 2014 respectively.

Proposed Share Subdivision and Change of Board Lot Size

On 18 March 2014, the Board proposed that every one (1) issued and unissued ordinary share of HK\$0.01 each in the share capital of the Company be subdivided into ten (10) subdivided shares (the “Subdivided Shares”) of HK\$0.001 each (the “Share Subdivision”). The Board also proposed that subject to and upon the Share Subdivision becoming effective, the board lot size will be changed from 2,500 Shares to 5,000 Subdivided Shares. The Share Subdivision was approved by the shareholders in the extraordinary general meeting (the “EGM”) held on 30 April 2014 and became effective on 2 May 2014. Details of the Share Subdivision are set out in the Company’s announcement, circular and poll result announcement of the EGM dated 18 March 2014, 11 April 2014 and 30 April 2014 respectively.

Outlook

Looking ahead, the Group is optimistic about the industry outlook and the Group’s future development and expects a steady growth this year. iAsia strives to consolidate its market position and maintain its competitiveness by enriching the product portfolio of its financial trading software solutions, enhancing its existing products, and broadening its customer base. The Group will also put greater emphasis on the referral business division and target to achieve a significant growth in the customer base and revenue.

In addition, the Group will continue to adopt its business diversification strategy and develop other new business operations. In order to maximise returns for the shareholders of the Company and create value for the Group, the Group will commence a money lending business and consider investing in quality funds and/or listed securities. This approach not only diversifies the sources of income, but also provides additional resources to finance its core business, which in turn enhance the Group's competitive edges.

OTHER INFORMATION

Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2014, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long Position in the Ordinary Shares and Underlying Shares of the Company

| Name of Director | Capacity/Nature | Number of Shares held/ interested | Approximate percentage of shareholding |
|---|------------------------------------|-----------------------------------|--|
| Mr. Chan Sek Keung, Ringo ("Mr. Chan") (Note 1) | Interest in controlled corporation | 138,750,000 | 69.38% |
| Mr. Lawrence Tang | Beneficial owner | 365,000 | 0.18% |

Note:

- These 138,750,000 Shares are held by Luster Wealth Limited ("Luster Wealth"). Mr. Chan beneficially owns 100% of the issued share capital of Woodstock Management Limited ("Woodstock"), which in turn owns 85% of the issued share capital of Luster Wealth. Therefore, Mr. Chan is deemed, or taken to be, interested in all the Shares held by Luster Wealth for the purpose of the SFO. Mr. Chan is the sole director of each of Luster Wealth and Woodstock, respectively. Mr. Li Hoi Kong ("Mr. Li"), an executive Director, Mr. Wong Cheuk Wai, a member of the senior management of the Group and Mr. Liu Hon Kit, a member of the senior management of the Group, owns 6.5%, 1% and 1% of the issued share capital of Luster Wealth, respectively.

(ii) *Long Position in the Ordinary Shares of Associated Corporations*

| Name of Director | Name of associated corporation | Capacity/Nature | Number of share(s) held/ interested | Percentage of shareholding |
|-------------------------|---------------------------------------|------------------------------------|--|-----------------------------------|
| Mr. Chan | Woodstock | Beneficial owner | 1 | 100% |
| Mr. Chan | Luster Wealth | Interest in controlled corporation | 850 | 85% |
| Mr. Li | Luster Wealth | Beneficial owner | 65 | 6.5% |

Save as disclosed above, as at 31 March 2014, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

So far as is known to the Directors, as at 31 March 2014, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:



Long Position in Ordinary Shares and Underlying Shares of the Company

| Name of shareholder | Capacity/Nature | Number of Shares held/ interested | Approximate percentage of shareholding |
|---|------------------------------------|--|---|
| Luster Wealth | Beneficial owner | 138,750,000 | 69.38% |
| Woodstock | Interest in controlled corporation | 138,750,000 | 69.38% |
| Efficient Channel Limited ("Efficient Channel") (Note 1) | Beneficial owner | 11,250,000 | 5.63% |
| Mr. Kwok (Note 1) | Interest in controlled corporation | 11,250,000 | 5.63% |
| Ms. Yip Nga Wan (Ms. Yip) (Note 2) | Interest of spouse | 11,250,000 | 5.63% |

Notes:

1. These 11,250,000 Shares are held by Efficient Channel. Mr. Kwok beneficially owns 100% of the issued share capital of Efficient Channel. Therefore, Mr. Kwok is deemed, or taken to be, interested in all the Shares held by Efficient Channel for the purpose of the SFO. Mr. Kwok is the sole director of Efficient Channel.
2. Ms. Yip is the spouse of Mr. Kwok. Accordingly, Ms. Yip is deemed, or taken to be, interested in all the Shares in which Mr. Kwok is interested in for the purpose of the SFO.

Save as disclosed above, as at 31 March 2014, the Directors are not aware of any other persons who have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transaction by directors adopted by the Company during the Period.

Corporate Governance

During the Period, the Company has complied with all the applicable code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules, except for the deviation mentioned in the following paragraph.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the Period, the role of chairman is performed by Mr. Chan but the office of the chief executive officer of the Company is vacated. However, the Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

Competing Interests

As at 31 March 2014, none of the Directors, their respective associates and the substantial shareholders had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Interests of the Compliance Adviser

As notified by the compliance adviser of the Company, Ample Capital Limited, as at 31 March 2014, except for (i) Ample Capital Limited's participation as the sponsor and its affiliated company, Ample Orient Capital Limited as one of the co-lead managers in relation to the Listing; and (ii) the compliance adviser agreement entered into between the Company and Ample Capital Limited dated 17 September 2013, neither Ample Capital Limited nor its directors, employees or associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.



Appointment and Resignation of Directors During the Period

With effect from 21 January 2014, Mr. Lai Wai Ho, Samson resigned as the executive Director, the member of the compliance committee of the Company and the chief technology officer of the Company. Details of the resignation are set out in the Company's announcement dated 21 January 2014.

With effect from 29 January 2014, Mr. Lawrence Tang was appointed as an executive Director and a member of the compliance committee of the Company. Details of the appointment are set out in the Company's announcement dated 29 January 2014.

Audit Committee

The Company established an audit committee (the "Audit Committee") on 10 September 2013 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the CG Code and available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are, among other matters, to review and supervise the financial reporting process and internal control system of the Group. The chairman of the Audit Committee is Mr. Tai Man Hin, Tony and other members include Ms. Lee Kwun Ling, May Jean and Mr. Yuen Shiu Wai, both being the independent non-executive Directors.

The Group's unaudited results for the Period have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 9 May 2014

As at the date of this report, the Board consists of Mr. Li Hoi Kong and Mr. Lawrence Tang being the executive Directors, Mr. Chan Sek Keung, Ringo being the non-executive Director and Chairman and Ms. Lee Kwun Ling, May Jean, Mr. Tai Man Hin, Tony and Mr. Yuen Shiu Wai being the independent non-executive Directors.