

FINSOFT CORPORATION

匯財軟件公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8018)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 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 the GEM of the Stock Exchange, there is a risk that securities traded on the GEM of the Stock Exchange 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 the GEM of the Stock Exchange.

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This announcement, 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 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.

INTERIM 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 and six months ended 30 June 2014 (the “Period”), together with the unaudited comparative figures for the corresponding periods in 2013, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2014

	Notes	Three months ended 30 June		Six months ended 30 June	
		2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)
Revenue	4	10,431,676	8,982,314	18,966,399	17,187,144
Cost of sales		(1,811,350)	(2,278,484)	(4,192,398)	(4,459,028)
Gross profit		8,620,326	6,703,830	14,774,001	12,728,116
Other income		41,610	1,348	94,401	1,354
Other gains and losses		4,024	(167,881)	4,024	(176)
Fair value gains on financial assets at fair value through profit or loss		140,000	–	140,000	–
Administrative expenses		(6,972,364)	(2,966,876)	(13,020,090)	(5,734,578)
Share of losses of an associate		(774)	–	(3,864)	–
Listing expenses		–	(643,639)	–	(4,583,445)
Profit before tax		1,832,822	2,926,782	1,988,472	2,411,271
Income tax expense	6	(392,430)	(676,618)	(685,176)	(1,166,902)
Profit and total comprehensive income for the period	7	1,440,392	2,250,164	1,303,296	1,244,369
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		1,440,392	2,250,164	1,303,296	1,245,575
Non-controlling interests		–	–	–	(1,206)
		1,440,392	2,250,164	1,303,296	1,244,369
Earnings per share					
– Basic and diluted (HK cents per share)	9	0.072	0.150	0.065	0.083

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

		30 June 2014 HK\$ (Unaudited)	31 December 2013 HK\$ (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	10	1,304,123	786,803
Goodwill		917,976	917,976
Intangible assets		4,277,394	2,918,086
Investments in associates		149,223	1,557
		<u>6,648,716</u>	<u>4,624,422</u>
Current assets			
Trade and other receivables	11	5,219,960	8,693,549
Loan receivables	12	2,200,000	–
Financial assets at fair value through profit or loss	13	2,700,000	–
Amount due from an associate		13,000	–
Current tax assets		186,287	647,177
Cash and bank balances		47,082,597	48,190,199
		<u>57,401,844</u>	<u>57,530,925</u>
Current liabilities			
Other payables	14	13,023,582	12,655,951
		<u>13,023,582</u>	<u>12,655,951</u>
Net current assets		<u>44,378,262</u>	44,874,974
Total assets less current liabilities		<u>51,026,978</u>	49,499,396
Non-current liabilities			
Deferred tax liabilities		776,110	551,824
Net assets		<u>50,250,868</u>	<u>48,947,572</u>
Capital and reserves			
Share capital	15	2,000,000	2,000,000
Reserves		48,250,868	46,947,572
Total equity attributable to owners of the Company		<u>50,250,868</u>	<u>48,947,572</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company				Sub-total <i>HK\$</i>	Attributable to non- controlling interests <i>HK\$</i>	Total <i>HK\$</i>
	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Merger reserve <i>HK\$</i>	Retained profits <i>HK\$</i>			
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>			
Balance at 1 January 2013 (Audited)	77,894	–	–	12,830,463	12,908,357	2,367	12,910,724
Profit and total comprehensive income/ (expense) for the period (Unaudited)	–	–	–	1,245,575	1,245,575	(1,206)	1,244,369
Deregistration of a subsidiary (Unaudited)	–	–	–	–	–	(1,161)	(1,161)
Balance at 30 June 2013 (Unaudited)	<u>77,894</u>	<u>–</u>	<u>–</u>	<u>14,076,038</u>	<u>14,153,932</u>	<u>–</u>	<u>14,153,932</u>
Balance at 1 January 2014 (Audited)	<u>2,000,000</u>	<u>34,609,605</u>	<u>77,794</u>	<u>12,260,173</u>	<u>48,947,572</u>	<u>–</u>	<u>48,947,572</u>
Profit and total comprehensive income for the period (Unaudited)	–	–	–	1,303,296	1,303,296	–	1,303,296
Balance at 30 June 2014 (Unaudited)	<u>2,000,000</u>	<u>34,609,605</u>	<u>77,794</u>	<u>13,563,469</u>	<u>50,250,868</u>	<u>–</u>	<u>50,250,868</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)
Net cash generated by/(used in) operating activities	1,177,940	(717,657)
Net cash used in investing activities	<u>(2,285,542)</u>	<u>(949,432)</u>
Net decrease in cash and cash equivalents	(1,107,602)	(1,667,089)
Cash and cash equivalents at 1 January	<u>48,190,199</u>	<u>19,519,257</u>
Cash and cash equivalents at 30 June	<u>47,082,597</u>	<u>17,852,168</u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<u>47,082,597</u>	<u>17,852,168</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 were listed on the GEM of the Stock Exchange on 26 September 2013. 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, provision of referral services, money lending business and securities investments.

The unaudited condensed consolidated financial statements 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 financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. This unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the three months and six months ended 30 June 2014 were consistent with those applied in the annual financial statements for the year ended 31 December 2013, except in relation to the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (collectively "New and Revised HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting periods beginning on 1 January 2014. The adoption of these New and Revised HKFRSs in the current interim period has had no material effect on the results and financial position of the Group.

It should be noted that accounting estimates and assumptions are used in the preparation of unaudited condensed consolidated financial statements. 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 yet applied the following New and Revised HKFRSs 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 ⁵
HKFRS 14	Regulatory Deferral Accounts ³
HKFRS 15	Revenue from Contracts with Customers ⁴
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 ⁵
Amendments to HKFRS 11	Accounting for acquisitions of Interests in Joint Operations ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
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 adoption permitted
- ² Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
- ³ Effective for annual periods beginning on or after 1 January 2016, with earlier adoption permitted
- ⁴ Effective for annual periods beginning on or after 1 January 2017, with earlier adoption permitted
- ⁵ No mandatory effective date yet determined but is available for adoption

The Directors anticipate that the adoption of the above New and Revised HKFRSs will have no material effect on the results and financial position of the Group.

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to the quoted market bid prices respectively; and
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except as detailed below, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate to their fair values.

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

	Level 1 <i>HK\$</i>	Level 2 <i>HK\$</i>	Level 3 <i>HK\$</i>	Total <i>HK\$</i>
At 30 June 2014				
Financial assets				
Financial assets at fair value through profit or loss				
– Listed equity securities	<u>2,700,000</u>	–	–	<u>2,700,000</u>

At 30 June 2014, there are no investments classified under Levels 2 and 3 and there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the Period.

At 31 December 2013, the Group did not have any assets and liabilities that were measured at the above fair value hierarchy.

4. REVENUE

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

	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of hardware	296,682	47,994	652,951	98,089
Sales of technology software systems	1,118,507	2,239,000	2,250,507	3,991,000
System customisation and network support	645,371	1,112,869	1,380,426	1,915,169
Software maintenance	2,279,914	2,435,247	4,548,737	4,632,553
Software licensing	2,966,975	2,744,600	5,809,445	5,735,200
Hosting	320,772	360,820	668,592	719,140
Referral services	2,666,442	–	3,516,442	–
Loan interests	93,156	–	93,156	–
Others	43,857	41,784	46,143	95,993
	<u>10,431,676</u>	<u>8,982,314</u>	<u>18,966,399</u>	<u>17,187,144</u>

5. SEGMENT INFORMATION

Segment information are regularly submitted to and reviewed by the Directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance.

During the Period, the Group has commenced new businesses in money lending and securities investments. Accordingly, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) Financial trading software solutions – development, sale and provision of financial trading software solutions with the principal products being trading and settlement systems of financial products for financial institutions;
- (b) Provision of referral services – provision of referral services to source, identify and refer prospective deal opportunities to interested parties;
- (c) Money lending business – provision of loan financing; and
- (d) Securities investments – trading of securities.

Segment revenue and results

An analysis of the Group's revenue and results by reportable segments is as follows:

	Six months ended 30 June 2014				
	Financial trading software solutions <i>HK\$</i> (Unaudited)	Provision of referral services <i>HK\$</i> (Unaudited)	Money lending business <i>HK\$</i> (Unaudited)	Securities investments <i>HK\$</i> (Unaudited)	Total <i>HK\$</i> (Unaudited)
Segment revenue					
Revenue from external customers	<u>15,356,801</u>	<u>3,516,442</u>	<u>93,156</u>	<u>–</u>	<u>18,966,399</u>
Segment profit/(loss)	4,671,870	(1,215,782)	47,490	140,000	3,643,578
Other income					85,266
Share of losses of an associate					(3,864)
Central administration costs					<u>(1,736,508)</u>
Profit before tax					<u>1,988,472</u>
	Six months ended 30 June 2013				
	Financial trading software solutions <i>HK\$</i> (Unaudited)	Provision of referral services <i>HK\$</i> (Unaudited)	Money lending business <i>HK\$</i> (Unaudited)	Securities investments <i>HK\$</i> (Unaudited)	Total <i>HK\$</i> (Unaudited)
Segment revenue					
Revenue from external customers	<u>17,187,144</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>17,187,144</u>
Segment profit	6,993,364	–	–	–	6,993,364
Other income					1,352
Listing expenses					<u>(4,583,445)</u>
Profit before tax					<u>2,411,271</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the Period (six months ended 30 June 2013: Nil).

Segment assets and liabilities

	30 June 2014				
	Financial trading software solutions <i>HK\$</i> (Unaudited)	Provision of referral services <i>HK\$</i> (Unaudited)	Money lending business <i>HK\$</i> (Unaudited)	Securities investments <i>HK\$</i> (Unaudited)	Total <i>HK\$</i> (Unaudited)
Segment assets	9,832,385	1,440,565	2,213,800	2,700,000	16,186,750
Corporate and unallocated assets					<u>47,863,810</u>
Consolidated assets					<u>64,050,560</u>
Segment liabilities	12,772,172	163,201	1,500	–	12,936,873
Corporate and unallocated liabilities					<u>862,819</u>
Consolidated liabilities					<u>13,799,692</u>
	31 December 2013				
	Financial trading software solutions <i>HK\$</i> (Audited)	Provision of referral services <i>HK\$</i> (Audited)	Money lending business <i>HK\$</i> (Audited)	Securities investments <i>HK\$</i> (Audited)	Total <i>HK\$</i> (Audited)
Segment assets	9,070,525	3,826,470	–	–	12,896,995
Corporate and unallocated assets					<u>49,258,352</u>
Consolidated assets					<u>62,155,347</u>
Segment liabilities	11,939,119	675,617	–	–	12,614,736
Corporate and unallocated liabilities					<u>593,039</u>
Consolidated liabilities					<u>13,207,775</u>

6. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)
Current tax				
– Hong Kong Profits Tax	263,945	676,618	460,890	1,166,902
Deferred tax	128,485	–	224,286	–
Total income tax recognised in profit or loss	392,430	676,618	685,176	1,166,902

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

7. PROFIT FOR THE PERIOD

	Three months ended 30 June		Six months ended 30 June	
	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)
Profit for the period has been arrived at after charging/(crediting):				
Amortisation of intangible assets	67,701	–	135,402	–
Depreciation of property, plant and equipment	117,311	74,703	207,248	143,299
Operating lease payments in respect of rented premises	728,124	458,370	1,302,501	916,740
Employee benefits expense:				
Salaries and other benefits	4,769,915	4,364,194	9,407,208	8,144,555
Contributions to retirement benefits scheme	147,986	133,864	299,918	259,132
Total employee benefits expense, including directors' emoluments	4,917,901	4,498,058	9,707,126	8,403,687
Less: Amounts capitalised in development costs	(846,397)	(462,972)	(1,494,710)	(813,031)
	4,071,504	4,035,086	8,212,416	7,590,656

During the three months and six months ended 30 June 2014, total employee benefits expense amounted to HK\$1,235,934 (three months ended 30 June 2013: HK\$1,940,475) and HK\$2,891,093 (six months ended 30 June 2013: HK\$3,802,265) respectively was included in cost of sales and total employee benefits expense amounted to HK\$2,835,570 (three months ended 30 June 2013: HK\$2,094,611) and HK\$5,321,323 (six months ended 30 June 2013: HK\$3,788,391) respectively was included in administrative expenses.

8. DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

9. EARNINGS PER SHARE

	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings				
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>1,440,392</u>	<u>2,250,164</u>	<u>1,303,296</u>	<u>1,245,575</u>
	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>2,000,000,000</u>	<u>1,500,000,000</u>	<u>2,000,000,000</u>	<u>1,500,000,000</u>

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

The weighted average number of shares for the purpose of basic earnings per share for the three months and six months ended 30 June 2014 of 2,000,000,000 shares was derived from 2,000,000,000 shares in issue throughout the period ended 30 June 2014, assuming the Share Subdivision, as defined under the paragraph headed "Share Subdivision and Change of Board Lot Size" on page 21 of this announcement, was conducted at the beginning of the earliest period presented.

The weighted average number of shares for the purpose of basic earnings per share for the three months and six months ended 30 June 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 earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the three months and six months ended 30 June 2014 and 2013.

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, addition of property, plant and equipment of the Group amounted to HK\$724,568 (six months ended 30 June 2013: HK\$137,753).

11. TRADE AND OTHER RECEIVABLES

	30 June 2014 <i>HK\$</i> (Unaudited)	31 December 2013 <i>HK\$</i> (Audited)
Trade receivables	3,349,398	6,677,327
Other receivables	52,394	154,784
Deposits and prepayments	1,818,168	1,861,438
	<u>5,219,960</u>	<u>8,693,549</u>

The following is an analysis of trade receivables by age, presented based on the invoice date at the end of the reporting period:

	30 June 2014 <i>HK\$</i> (Unaudited)	31 December 2013 <i>HK\$</i> (Audited)
0–30 days	1,382,437	2,560,056
31–60 days	578,845	3,197,741
61–90 days	406,616	32,800
91–120 days	744,500	80,250
Over 120 days	237,000	806,480
Total	<u>3,349,398</u>	<u>6,677,327</u>

The Group generally allows an average credit period of not more than 30 days to its customers and based on the negotiations between the Group and individual customers.

12. LOAN RECEIVABLES

	30 June 2014 <i>HK\$</i> (Unaudited)	31 December 2013 <i>HK\$</i> (Audited)
Loan receivables from money lending business	<u>2,200,000</u>	<u>–</u>

The Group seeks to maintain strict control over its outstanding loan receivables so as to minimise credit risk. The granting of loans is subject to approval by the senior management, whilst overdue balances are also reviewed by senior management regularly.

At 30 June 2014, the loan receivables were charging on interest rate mutually agreed with the contracting party at 10% per annum. The loan receivables were entered with the contractual maturity within 3 months. The loan receivables were neither past due nor impaired at the end of the reporting period.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2014 <i>HK\$</i> (Unaudited)	31 December 2013 <i>HK\$</i> (Audited)
Held-for-trading investments		
– Listed equity securities – Hong Kong	<u>2,700,000</u>	<u>–</u>

The fair values of the equity securities held for trading were determined based on the quoted market bid prices in an active market.

14. OTHER PAYABLES

	30 June 2014 <i>HK\$</i> (Unaudited)	31 December 2013 <i>HK\$</i> (Audited)
Receipts in advance	5,438,282	4,791,512
Customers deposit	4,490,250	3,846,510
Other payables and accruals	3,095,050	4,017,929
	<u>13,023,582</u>	<u>12,655,951</u>

15. SHARE CAPITAL

	Number of shares	Share capital HK\$
Authorised:		
On 1 January 2013, ordinary shares of HK\$0.01 each (Audited)	38,000,000	380,000
Increase in authorised share capital, ordinary shares of HK\$0.01 each (<i>Note (ii)</i>) (Audited)	962,000,000	9,620,000
At 31 December 2013, ordinary shares of HK\$0.01 each (Audited)	1,000,000,000	10,000,000
Share Subdivision (Unaudited)	9,000,000,000	–
At 30 June 2014, ordinary shares of HK\$0.001 each (Unaudited)	<u>10,000,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
On 1 January 2013, ordinary shares of HK\$0.01 each (Audited)	1	–
Issue of shares pursuant to Reorganisation (<i>Note (i)</i>), ordinary shares of HK\$0.01 each (Audited)	9,999	100
Issue of shares upon capitalisation issue (<i>Note (iii)</i>), ordinary shares of HK\$0.01 each (Audited)	149,990,000	1,499,900
Issue of shares by placing (<i>Note (iv)</i>), ordinary shares of HK\$0.01 each (Audited)	50,000,000	500,000
At 31 December 2013, ordinary shares of HK\$0.01 each (Audited)	200,000,000	2,000,000
Share Subdivision (Unaudited)	1,800,000,000	–
At 30 June 2014, ordinary shares of HK\$0.001 each (Unaudited)	<u>2,000,000,000</u>	<u>2,000,000</u>

Notes:

- (i) Pursuant to the Reorganisation as defined in the prospectus of the Company dated 18 September 2013 (the “Prospectus”) and as consideration for the acquisition by the Company of the entire issued share capital of Infinite Capital Ventures Limited from Luster Wealth Limited and Efficient Channel Limited on 28 August 2013, (i) the one nil paid share held by Luster Wealth Limited was credited as fully paid; and (ii) 9,249 and 750 shares were allotted and issued to Luster Wealth Limited and Efficient Channel Limited, respectively, and were credited as fully paid.
- (ii) Pursuant to the written resolution of the shareholders passed on 10 September 2013, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of an additional of 962,000,000 shares of HK\$0.01 each, each ranking pari passu with the shares then in issue in all respects.
- (iii) Pursuant to the written resolution of the shareholders passed on 10 September 2013, the directors were authorised to capitalise the amount of HK\$1,499,900 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 149,990,000 shares for allotment and issue to the then existing shareholders of the Company, each ranking pari passu in all respects with the then existing issued shares. On 26 September 2013, the Company allotted and issued such shares as aforesaid and gave effect to the capitalisation issue.
- (iv) On 26 September 2013, the Company issued 50,000,000 shares pursuant to the Company’s listing on the GEM of the Stock Exchange by way of placing at a price of HK\$0.82 per share.

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group did not enter into any significant related party transactions during the six months ended 30 June 2014 and 30 June 2013 respectively.

Compensation of key management personnel

The remuneration of the Directors and other members of key management during the three months and six months ended 30 June 2014 is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and short-term employee benefits	666,000	594,000	1,330,994	1,195,366
Post-employment benefits	8,000	7,500	15,621	15,000
	<u>674,000</u>	<u>601,500</u>	<u>1,346,615</u>	<u>1,210,366</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

The Group is principally engaged in the development, sale and provision of financial trading software solutions, provision of referral services, money lending business and securities investments. For the Period, the Group recorded a total revenue of approximately HK\$18,966,000 (six months ended 30 June 2013: approximately HK\$17,187,000).

Financial Trading Software Solutions

The financial trading software solutions business division recorded a segment revenue of approximately HK\$15,357,000 (six months ended 30 June 2013: approximately HK\$17,187,000) and a segment profit of approximately HK\$4,672,000 (six months ended 30 June 2013: approximately HK\$6,993,000) for the Period. The segment profit decreased by approximately HK\$2,321,000 primarily attributable to the decrease in revenue from sales of technology software systems of approximately HK\$1,740,000 when customers tended to lease the financial trading software solutions especially after the official launch of the new FSaaS, a new service to offer a speedy and reliable electronic financial trading operating mode to the brokers by incorporating the cloud computing technology, in the first quarter of 2014. It is believed that this shift of customers' preference would have a short term adverse impact on the sales of technology software systems, but in the long run, it will strengthen the revenue stream of software licensing.

In addition, in April 2014, the Securities and Futures Commission and China Securities Regulatory Commission made a joint announcement regarding the in-principle approval for the development of the Shanghai-Hong Kong Stock Connect pilot programme ("Shanghai-Hong Kong Stock Connect") by the Stock Exchange and Shanghai Stock Exchange for the establishment of mutual stock market access between Mainland China and Hong Kong. The Shanghai-Hong Kong Stock Connect is expected to be officially launched in October 2014. To cope with the new market demand, iAsia Online Systems Limited ("iAsia"), the major operating subsidiary for this business segment, introduced a new project named "China Connect" to its clients since May 2014 with satisfactory response and new contracts have been signed with its clients since June 2014.

During the Period, iAsia had a satisfactory progress on the research and development (the "R&D") on both the enhancement of existing products and the development of new products. Staff cost incurred in the development of new software systems for the Period amounted to approximately HK\$1,495,000 and was capitalised as intangible assets. Details of the development and enhancement progress of the products are set out in the section headed "Comparison between Business Plans and Actual Business Progress" on pages 22 to 24 of this announcement.

Provision of Referral Services

The referral business division recorded a segment revenue of approximately HK\$3,516,000 (six months ended 30 June 2013: Nil) and a segment loss of approximately HK\$1,216,000 (six months ended 30 June 2013: Nil) for the Period. With a stronger client base, the referral business division put greater emphasis on identifying potential investments with quality during the Period and successfully matched certain deals for the clients from various industries.

Money Lending Business

In order to diversify the source of income and to enhance the Group's competitive edges, Finsoft Finance Limited ("FFL"), a wholly-owned subsidiary of the Company, obtained the money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) on 8 April 2014 and commenced its money lending business since then. FFL offers secured or unsecured loans to borrowers after considering and assessing the background and needs of each borrower on a case by case basis and, if necessary, will take legal action against borrowers in the event of default. For the Period, segment revenue and segment profit derived from the money lending business division amounted to approximately HK\$93,000 (six months ended 30 June 2013: Nil) and approximately HK\$47,000 (six months ended 30 June 2013: Nil) respectively. The interest rates charged to the customers during the Period ranged from 9% to 24% per annum. No default event occurred as at the date of this announcement and no provision for the impairment of the loan receivables was considered necessary during the Period.

Securities Investments

Having considered the recovery of the global economy and stock market, in the second quarter of 2014, the Group amended its treasury management policy and allocated a portion of its internal resources for securities investments. Thus, the operating segment of securities investments is newly presented. The Group adopts a prudent investment approach to invest in the listed securities in Hong Kong stock market. During the Period, the Group recorded fair value gains on financial assets at fair value through profit or loss of HK\$140,000.

Financial Review

Revenue

Revenue for the Period was approximately HK\$18,966,000, representing an increase of approximately HK\$1,779,000 or 10.35% as compared with that of the corresponding period in 2013 (six months ended 30 June 2013: approximately HK\$17,187,000). The increase was mainly due to the net effect of (i) the decrease in the revenue from the sales of technology software systems of approximately HK\$1,740,000 and (ii) the recognition of approximately HK\$3,516,000 revenue from the referral business segment (six months ended 30 June 2013: Nil).

Gross profit and gross profit margin

Gross profit for the Period was approximately HK\$14,774,000, representing an increase of approximately 16.07% as compared with that of the corresponding period in 2013 (six months ended 30 June 2013: approximately HK\$12,728,000) which was in line with the increase in revenue. Gross profit margin of the Group for the Period slightly increased by approximately 3.84% to approximately 77.90% as compared with that of the corresponding period in 2013 (six months ended 30 June 2013: approximately 74.06%). The increase was mainly due to the net effect of (i) a slight decrease of gross profit margin of financial trading software solutions business segment of approximately 1.36% to approximately 72.70% (six months ended 30 June 2013: approximately 74.06%); and (ii) recognition of approximately HK\$3,516,000 revenue from the referral business segment with a significantly higher profit margin.

Administrative expenses

The Group's administrative expenses for the Period amounted to approximately HK\$13,020,000, representing an increase of approximately HK\$7,286,000 or 127.05% as compared with that of the corresponding period in 2013 (six months ended 30 June 2013: approximately HK\$5,735,000). The significant increase was primarily attributable to the combined effect of (i) the increase in advertising and marketing expenses of approximately HK\$2,097,000; (ii) the increase in administrative staff costs, including directors' emoluments of approximately HK\$1,533,000; (iii) the increase in consultancy fees of HK\$924,000; and (iv) the increase in legal and professional fees of approximately HK\$1,039,000 during the Period.

Profit for the period

The Group recorded a stable profit of approximately HK\$1,303,000 (six months ended 30 June 2013: approximately HK\$1,244,000) for the Period.

Liquidity and Financial Resources

At 30 June 2014, the Group held cash and bank balances of approximately HK\$47,083,000 (31 December 2013: approximately HK\$48,190,000). Net current assets amounted to approximately HK\$44,378,000 (31 December 2013: approximately HK\$44,875,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 4.41 times (31 December 2013: approximately 4.55 times).

At 30 June 2014, the Group had no outstanding bank borrowings (31 December 2013: Nil) and the gearing ratio of the Group (defined as total borrowings divided by total assets) was nil (31 December 2013: Nil).

Foreign Exchange Exposure

During the Period, the business activities of the Group were mainly denominated in Hong Kong dollars. The Directors did not consider the Group was exposed to any significant foreign currency exchange risks.

Contingent Liabilities

At 30 June 2014, the Group did not have any contingent liabilities (31 December 2013: Nil).

Capital Commitments

At 30 June 2014, the Group did not have any significant capital commitments (31 December 2013: Nil).

Charges on the Group's Assets

At 30 June 2014, the Group did not have any material charges on assets (31 December 2013: Nil).

Capital Structure

Save for the Share Subdivision as disclosed under the paragraph headed "Share Subdivision and Change of Board Lot Size" on page 21 of this announcement, there was no material change in the capital structure of the Company during the Period. The capital of the Company comprises ordinary shares only.

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

Significant and Potential Investments

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 was HK\$4,861,530 and the Group held 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 remained to be HK\$4,861,530 and the Group remained to hold 30% of the issued share capital of the JV Company. As at the date of this announcement, the above acquisition

has not been completed and the JV Company has been accounted for as an associate of the Company. Details of the transaction are set out in the Company's announcements dated 9 January 2014 and 30 April 2014 respectively.

Beside the aforesaid investment in the JV Company, on 3 June 2014, the Group entered into a cooperation framework agreement (the "Agreement") with CIL Holdings Limited ("CIL", and its subsidiaries "CIL Group"), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 479) in relation to the proposed cooperation between the Group and CIL Group in the Southeast Asia region. Pursuant to the Agreement, each of the Group and CIL Group intended to invest not more than HK\$10 million to develop the financial trading software solutions business and financial e-commerce platforms/business in the Southeast Asia region. As at the date of this announcement, the transactions contemplated under the Agreement have not been proceeded. Details of the event are set out in the Company's announcement dated 3 June 2014.

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 (the "Un-subdivided Share(s)") be subdivided into ten (10) subdivided shares (the "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 would be changed from 2,500 Un-subdivided Shares to 5,000 Shares. The Share Subdivision was approved by the shareholders of the Company in the extraordinary general meeting of the Company (the "EGM") held on 30 April 2014, became effective on 2 May 2014 and completed on 11 June 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.

Changes in Shareholding of the Controlling Shareholder

On 19 May 2014, the Company was informed that Woodstock Management Limited ("Woodstock"), a company 100% beneficially owned by Mr. Chan Sek Keung, Ringo ("Mr. Chan"), a non-executive Director and chairman of the Company, had entered into two sale and purchase agreements with two independent third parties (the "Purchasers") respectively on the same date, pursuant to which the Purchasers agreed to purchase and Woodstock agreed to sell an aggregate of 96 shares of US\$1.00 each in the issued share capital of Luster Wealth Limited ("Luster Wealth"), a controlling shareholder of the Company holding 69.375% of the issued share capital of the Company as at 19 May 2014, at an aggregate consideration of HK\$49,284,000. The shares sold represented 9.6% of the issued share capital of Luster Wealth. As at the date of this announcement, the transaction has been completed. Details of the transaction are set out in the Company's announcement dated 19 May 2014.

On 17 June 2014, the Company was further informed that Luster Wealth had repurchased 9.5% and 6.6% interests in Luster Wealth held by each of two independent third parties ("Shareholder A" and "Shareholder B" respectively) on the same date at a consideration satisfied by Luster Wealth transferring 131,812,500 Shares and 91,575,000 Shares to Shareholder A and Shareholder B respectively ("Restructuring"). As informed by Luster Wealth and Mr. Chan,

such consideration was determined by reference to the shareholding interests in the Company attributable to Shareholder A and Shareholder B through their respective shareholding in Luster Wealth. As at the date of this announcement, the Restructuring has been completed. Details of the transaction are set out in the Company's announcement dated 17 June 2014.

Comparison between Business Plans and Actual Business Progress

The following is a comparison between the Group's business plans as set out in the Prospectus and the Group's actual business progress for the Period:

As at 30 June 2014:

Business plans

Actual business progress

1. *Enhancing product development by developing new products and improving its existing products*

(i) *New products*

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Launch iOS version of the Mobile App for Retail Investors. | <ul style="list-style-type: none">• Development of iOS version of the Mobile App for Retail Investors was almost completed when the iOS version was undergoing the final testings. The new version was scheduled to be launched in the third quarter of 2014. |
| <ul style="list-style-type: none">• Recruit three staff for development of the Order Management System (the "OMS"). | <ul style="list-style-type: none">• One suitable candidate has been identified and recruited for the development of the Order Management System. iAsia was still looking for suitable candidates to fit the other vacancies. |
| <ul style="list-style-type: none">• Conduct system and network design work for the OMS network. | <ul style="list-style-type: none">• iAsia has completed the integration testing on the OMS network with one of its clients trading securities in the United States and Hong Kong market. The R&D team was preparing the network setup between iAsia's data center and its clients for user acceptance testing. |
| <ul style="list-style-type: none">• Complete system development works for the Algorithmic Trading System (the "ATS"). | <ul style="list-style-type: none">• Development of ATS for trading of futures was almost completed when the new ATS was undergoing the final performance testings. |

(ii) *Existing products*

- Complete enhancement of the market data interface of the Futures Front Office System to Central Gateway. • Enhancement project was temporarily on hold until iAsia can successfully approach a suitable customer for performing the testing of HKEx's Orion Market Data Platform for Derivatives Market.
- Develop and test the enhanced version of the Securities Front Office and Back Office System for banking sector. • For the enhancement of the Securities Front Office System, development of (i) a new interface with various financial systems in a banking group and (ii) a linkage to host database system of banks was completed. For the enhancement of the Securities Back Office System, development of (i) a linkage to host system of banks to facilitate internal cash movements and (ii) a hardware security module was completed. All these new features were undergoing the user acceptance testings. However, two proposed enhancements including (i) enhancement of system security of Securities Front Office System to meet the compliance requirements of Hong Kong Monetary Authority and (ii) incorporation of client relationship management system in the Securities Back Office System for client data sharing and synchronisation between systems were still in progress and expected to be completed by the fourth quarter of 2014.
- Test the enhanced version of the Futures Front Office System. • Two new features (i) supporting ordering methodology by clicking on price chart; and (ii) enabling multi-function hot key designs to improve traders' efficiency in order placing, were developed, tested and added to the enhanced version of the Futures Front Office System while another feature supporting trading of overseas futures products through FIX interface was still under development.
- Launch the enhanced version of the Futures Front Office System. • The enhanced version of Futures Front Office System with the above three new features was scheduled to be officially launched in the third quarter of 2014.

2. *Expanding the customer base*

- Establish the network of iAsian Community through recruiting end-users of the Group's software systems. • A network to assemble end-users of the Group's software systems, namely the "iAsian Community", has been established to provide regular free system training and user experience reflection sessions to the community members.
- Commence providing regular free training sessions to community members on an on-going basis. • A free training session on Front Office System and Back Office System was held once per month respectively to the community members.
- Schedule and provide user experience reflective sessions to the community members in collection of feedback on an on-going basis. • User experience reflective session was held right after the free training session in collection of feedback or comments from the community members.

3. *Possible acquisition of an IT company*

- Identify potential IT company for acquisition. • The Group was in the process of identifying a potential IT company.
- Conduct review of the target company if acquisition opportunity is identified. • The Group did not conduct feasibility study and review on any target company yet as the acquisition opportunity was not yet identified.

Use of Proceeds

Based on the Placing Price of HK\$0.82 per Placing Share as defined in the Prospectus, the proceeds raised from the Placing amounted to approximately HK\$28.6 million, net of underwriting fees and other related expenses.

The following table sets forth a breakdown of the use of net proceeds applied by the Group from the Latest Practicable Date as defined in the Prospectus up to 30 June 2014:

Use of net proceeds	Planned amount utilised up to 30 June 2014 as stated in the Prospectus HK\$'000	Actual amount utilised up to 30 June 2014 HK\$'000	Balance at 30 June 2014 HK\$'000
Enhancing product development by developing new products and improving its existing products	5,150	1,560	10,705
Expanding the customer base	1,000	2,080	420
Possible acquisition of an IT company	–	–	13,000
Working capital	830	830	–
Total	6,980	4,470	24,125

The unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong in accordance with the intention of the Directors as disclosed in the Prospectus. As at the date of this announcement, the Directors do not anticipate any change to the plan as to use of proceeds.

Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

During the Period, the Group had no material acquisition or disposal of subsidiaries or affiliated companies.

Future Plans for Material Investments and Capital Assets

Save for the investment plans as disclosed under the section headed “Significant and Potential Investments” and the actual progress in relation to the possible acquisition of an IT company as disclosed under the section headed “Comparison between Business Plans and Actual Business Progress” on pages 20 to 21 and pages 22 to 24 of this announcement respectively, the Group does not have any other concrete plans for material investments or capital assets in the coming future. Nonetheless, if any acquisition opportunity arises and is identified, the Group will conduct a feasibility study and review on the target company when it is beneficial to the Group and its shareholders as a whole.

Employee and Remuneration Policy

At 30 June 2014, the Group had 47 employees (31 December 2013: 48). The Group continues to maintain and upgrade the capability of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual’s performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group’s performance as well as individual’s performance. Remuneration of employees is generally in line with the market trend and commensurate with the salary level in the industry.

Outlook

The Group expects a steady growth on its overall business in the coming future. iAsia, as one of the core business segments, will continue to devote its efforts in the R&D and introduce new and enhanced products to meet the market needs. Benefiting from the Shanghai-Hong Kong Stock Connect, the Group expects an increase in market demand for the financial trading software solutions from the experienced service providers to cater for the increasing trading activities.

In addition, the Group’s other segment businesses including the referral business, money lending business and securities investments are expected to maintain stable growth momentum with its (i) expanding client base and optimised services; (ii) increasing market demand for corporate and personal loans; and (iii) investment in listed securities with stable returns.

The Group will continue to upgrade the products and services of all business segments to meet clients’ needs and optimise its revenue structure by strengthening its relationship with cooperation business partners and further diversification when new opportunities arise. Going forward, the Group will strive to nurture growth from its existing business segments while keeping close watch on projects with high potential. The Group will continue to seek greater synergies within its business operations to cross-sell the Group’s products and services in order to maximise returns to shareholders.

OTHER INFORMATION

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

As at 30 June 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 (<i>Note</i>)	Interest in controlled corporation	1,164,112,500	58.21%
Mr. Lawrence Tang	Beneficial owner	3,650,000	0.18%

Note: These 1,164,112,500 Shares are held by Luster Wealth. Mr. Chan beneficially owns 100% of the issued share capital of Woodstock, which in turn owns approximately 89.87% 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 approximately 7.75%, approximately 1.19% and approximately 1.19% 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	Approximate percentage of shareholding
Mr. Chan	Woodstock	Beneficial owner	1	100%
Mr. Chan	Luster Wealth	Interest in controlled corporation	754	89.87%
Mr. Li	Luster Wealth	Beneficial owner	65	7.75%

Save as disclosed above, as at 30 June 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 30 June 2014, the following shareholders and 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% or 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	1,164,112,500	58.21%
Woodstock	Interest in controlled corporation	1,164,112,500	58.21%
Convoy Collateral Limited (<i>Note</i>)	Beneficial owner	131,812,500	6.59%
Convoy Financial Services Holdings Limited ("CFSHL") (<i>Note</i>)	Interest in controlled corporation	131,812,500	6.59%

Note: These 131,812,500 Shares are held by Convoy Collateral Limited. CFSHL beneficially owns 100% of the issued share capital of Convoy Collateral Limited. Therefore, CFSHL is deemed, or taken to be, interested in all the Shares held by Convoy Collateral Limited for the purpose of the SFO.

Save as disclosed above, as at 30 June 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 confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions 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 was performed by Mr. Chan but the office of the chief executive officer of the Company was 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 30 June 2014, none of the Directors, their respective associates or 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 30 June 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 Company's listing on the GEM of the Stock Exchange; 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 condensed consolidated 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, 8 August 2014

As at the date of this announcement, 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.

This announcement will remain on the "Latest Company Announcements" page of the website of the GEM of the Stock Exchange at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.finsoftcorp.com.