

# FINSOFT CORPORATION

匯財軟件公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8018)

## ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.*

## THIRD 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 and nine months ended 30 September 2014, together with the unaudited comparative figures for the corresponding periods in 2013, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2014

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)	2014 HK\$ (Unaudited)	2013 HK\$ (Unaudited)
Revenue	3	12,721,704	6,946,096	31,688,103	24,133,240
Cost of sales		<u>(3,095,397)</u>	<u>(2,528,890)</u>	<u>(7,287,795)</u>	<u>(6,987,918)</u>
Gross profit		9,626,307	4,417,206	24,400,308	17,145,322
Other income		56,001	17	150,402	1,371
Other gains and losses		(284,830)	–	(280,806)	(176)
Fair value gains on financial assets at fair value through profit or loss		1,649,610	–	1,789,610	–
Administrative expenses		(4,884,178)	(3,216,876)	(17,904,268)	(8,951,454)
Share of losses of an associate		(234)	–	(4,098)	–
Listing expenses		<u>–</u>	<u>(3,367,890)</u>	<u>–</u>	<u>(7,951,335)</u>
Profit/(loss) before tax		6,162,676	(2,167,543)	8,151,148	243,728
Income tax expense	4	<u>(554,728)</u>	<u>(106,227)</u>	<u>(1,239,904)</u>	<u>(1,273,129)</u>
<b>Profit/(loss) and total comprehensive income/(expense) for the period</b>	5	<u><b>5,607,948</b></u>	<u><b>(2,273,770)</b></u>	<u><b>6,911,244</b></u>	<u><b>(1,029,401)</b></u>
<b>Profit/(loss) and total comprehensive income/(expense) for the period attributable to:</b>					
Owners of the Company		5,607,948	(2,273,770)	6,911,244	(1,028,195)
Non-controlling interests		<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,206)</u>
		<u><b>5,607,948</b></u>	<u><b>(2,273,770)</b></u>	<u><b>6,911,244</b></u>	<u><b>(1,029,401)</b></u>
<b>Earnings/(loss) per share</b> – Basic and diluted (HK cents per share)	7	<u><b>0.280</b></u>	<u><b>(0.149)</b></u>	<u><b>0.346</b></u>	<u><b>(0.068)</b></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 provision of financial trading software solutions, provision of other internet financial platforms, provision of referral services, money lending business and securities investments.

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 three months and nine months ended 30 September 2014 has been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

It has 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 results for the three months and nine months ended 30 September 2014 were consistent with those applied in the preparation of annual financial statements for the year ended 31 December 2013, except in relation to the new and revised 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 period has had no material effect on the results of the Group.

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 HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>3</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>4</sup>
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>5</sup>
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>3</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>3</sup>

Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>3</sup>
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions <sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier adoption permitted
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier adoption permitted
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier adoption permitted
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier adoption permitted

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

### 3. REVENUE

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of hardware	353,978	378,021	1,006,929	476,110
Sales of technology software systems	2,627,600	739,600	4,878,107	4,730,600
System customisation and network support	513,560	380,000	1,893,986	2,295,169
Software maintenance	2,185,180	2,344,393	6,733,917	6,976,946
Software licensing	3,216,773	2,726,512	9,026,218	8,461,712
Hosting	304,858	347,820	973,450	1,066,960
Referral services	3,391,700	–	6,908,142	–
Loan interests	56,055	–	149,211	–
Other internet financial platform services	40,000	–	40,000	–
Others	32,000	29,750	78,143	125,743
	<b>12,721,704</b>	<b>6,946,096</b>	<b>31,688,103</b>	<b>24,133,240</b>

### 4. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
– Hong Kong Profits Tax	461,707	106,227	922,597	1,273,129
Deferred tax	93,021	–	317,307	–
	<b>554,728</b>	<b>106,227</b>	<b>1,239,904</b>	<b>1,273,129</b>

Hong Kong Profits Tax is calculated at 16.5% (three months and nine months ended 30 September 2013: 16.5%) of the estimated assessable profit arising in or derived from Hong Kong for each of the periods.



The calculation of the basic earnings/(loss) per share attributable to owners of the Company for each of the periods was based on (i) the earnings/(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 earnings per share for the three months and nine months ended 30 September 2014 was derived from 2,000,000,000 shares in issue throughout the nine months ended 30 September 2014, assuming the Share Subdivision, as defined on page 11 of this announcement under the paragraph headed “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 and nine months ended 30 September 2013 was derived from: (i) the assumption that 150,000,000 shares of the Company were in issue, 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; (ii) the effect of 50,000,000 shares issued by the Company 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 on 26 September 2013; and (iii) the assumption that the Share Subdivision was conducted on 1 January 2013.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in issue during the three months and nine months ended 30 September 2014 and 30 September 2013 respectively.

## 8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					Attributable to non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Retained profits	Sub-total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1 January 2013 (Audited)	77,894	–	–	12,830,463	12,908,357	2,367	12,910,724
Loss and total comprehensive expense for the period (Unaudited)	–	–	–	(1,028,195)	(1,028,195)	(1,206)	(1,029,401)
Deregistration of a subsidiary (Unaudited)	–	–	–	–	–	(1,161)	(1,161)
Reorganisation (Unaudited)	(77,794)	–	77,794	–	–	–	–
Capitalisation issue (Unaudited)	1,499,900	(1,499,900)	–	–	–	–	–
Issue of shares by placing (Unaudited)	500,000	40,500,000	–	–	41,000,000	–	41,000,000
Transaction costs attributable to issue of shares (Unaudited)	–	(4,390,495)	–	–	(4,390,495)	–	(4,390,495)
Balance at 30 September 2013 (Unaudited)	<u>2,000,000</u>	<u>34,609,605</u>	<u>77,794</u>	<u>11,802,268</u>	<u>48,489,667</u>	<u>–</u>	<u>48,489,667</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)	–	–	–	6,911,244	6,911,244	–	6,911,244
Balance at 30 September 2014 (Unaudited)	<u>2,000,000</u>	<u>34,609,605</u>	<u>77,794</u>	<u>19,171,417</u>	<u>55,858,816</u>	<u>–</u>	<u>55,858,816</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

### *Overview*

The Group is principally engaged in the provision of financial trading software solutions, provision of other internet financial platforms, provision of referral services, money lending business and securities investments. For the nine months ended 30 September 2014 (the “Period”), the Group recorded a total revenue of approximately HK\$31,688,000, representing an increase of approximately HK\$7,555,000 or 31.30% compared with that of the corresponding period in 2013 (nine months ended 30 September 2013: approximately HK\$24,133,000).

### *Financial trading software solutions*

For the Period, the financial trading software solutions business division recorded a stable revenue from the external customers of approximately HK\$24,591,000 (nine months ended 30 September 2013: approximately HK\$24,133,000).

iAsia Online Systems Limited (“iAsia”), the major operating subsidiary for this business segment, is committed to constantly optimising its existing products and developing innovative financial trading platforms to meet market needs. During the Period, iAsia has successfully developed relevant products and services with low investment input by taking advantage of existing technological resources. iEASY, a comprehensive financial cloud trading platform launched in the first quarter of 2014, is based on the principle of “Financial Software as a Service” (“FSaaS”) and combines the financial software, hardware resources and instant system supports to serve various financial institutional clients. In September 2014, an enhanced version of Futures Front Office System was officially launched to the market. The iOS version of Mobile App for Retail Investors is undergoing the fine-tuning process and is expected to be officially launched by the end of 2014. Connect-X, an order management system to connect with multi-markets and multi-securities agents, is under development with a satisfactory progress and expected to be launched in 2015. Currently, iAsia’s major customers are Category B and Category C brokerage firms and local banks. With the anticipation of the implementation of the Shanghai-Hong Kong Stock Connect, there is an increasing demand for comprehensive and multi-functional financial trading systems. Given the market expectation for higher trading volume via the Shanghai-Hong Kong Stock Connect, iAsia has received numerous enquiries from the existing and new clients about its China Connect, the new platform tailor-made for the Shanghai-Hong Kong Stock Connect, and has signed certain new contracts with its clients since June 2014.

### *Other internet financial platforms*

It is expected that the anticipated launch of the Shanghai-Hong Kong Stock Connect and the increasing use of mobile applications will boost the market demand for various online financial solutions and platforms. Therefore, the Group repositions its focus of business development to internet finance.

To venture into other internet finance businesses, in August 2014, the Group acquired Well In Technology Development Limited, a company incorporated in Hong Kong principally engaged in the provision of electronic commerce (“e-commerce”)/mobile commerce platforms and consultancy services. Following the acquisition, in September 2014, the Group established a wholly-owned subsidiary named Finsoft E-Commerce Limited to strengthen the foundation of this new business. For the Period, this new business division contributed a revenue of HK\$40,000 (nine months ended 30 September 2013: HK\$ Nil).

Capturing the increasing popularity for mobile applications and the increasing market demand for corporate and personal loans, during the Period, this business division has successfully developed an instant and multi-functional B2C (Business to Customer)/O2O (Online to Offline) platform, connecting licensed money lending companies in Hong Kong and potential borrowers for money lending activities and such platform is operated via an online portal for money lending companies and application on mobile devices for potential borrowers (the “System”). The Group has signed service agreements with several licensed money lending companies in Hong Kong and will pilot run the use of the System in the fourth quarter of 2014. It is expected that the System will be officially launched to the market in early 2015 and can open up a new income stream for the Group in the future.

#### ***Provision of referral services***

The referral business division recorded a segment revenue of approximately HK\$6,908,000 (nine months ended 30 September 2013: HK\$ Nil) for the Period. This business division continued to maintain a steady growth momentum when several business deals for clients from various industries were successfully matched during the Period.

#### ***Money lending business***

During the Period, revenue derived from the money lending business division amounted to approximately HK\$149,000 (nine months ended 30 September 2013: HK\$ Nil). The interest rate charged to customers during the Period ranged from 9.00% to 24.00% per annum. No default occurred as of the date of this announcement and no provision for the impairment of loan receivables was considered necessary during the Period.

#### ***Securities investments***

The Group continues to adopt a prudent investment approach to invest in listed securities in the Hong Kong stock market. During the Period, the Group recorded fair value gains on financial assets at fair value through profit or loss of approximately HK\$1,790,000 (nine months ended 30 September 2013: HK\$ Nil).

## **Financial Review**

### ***Revenue***

Revenue for the Period was approximately HK\$31,688,000, representing an increase of approximately HK\$7,555,000 or 31.30% compared with that of the corresponding period in 2013 (nine months ended 30 September 2013: approximately HK\$24,133,000). The increase was mainly due to the recognition of revenue of approximately HK\$6,908,000 from the referral business sector (nine months ended 30 September 2013: HK\$ Nil).

### ***Gross profit and gross profit margin***

Gross profit for the Period was approximately HK\$24,400,000, representing an increase of approximately HK\$7,255,000 or 42.31% compared with that of the corresponding period in 2013 (nine months ended 30 September 2013: approximately HK\$17,145,000) which was in line with the increase in revenue. Gross profit margin for the Period increased by approximately 5.96% to approximately 77.00%, as compared with that of the corresponding period in 2013 (nine months ended 30 September 2013: 71.04%). The increase was mainly due to the combined effect of: (i) a slight increase of gross profit margin of the financial trading software solutions business segment of approximately 3.28%; and (ii) the recognition of revenue of approximately HK\$6,908,000 from the referral business segment with a higher gross profit margin of approximately 85.73%.

### ***Administrative expenses***

The Group's administrative expenses for the Period amounted to approximately HK\$17,904,000, representing an increase of approximately HK\$8,953,000 or 100.02% as compared with that of the corresponding period in 2013 (nine months ended 30 September 2013: approximately HK\$8,951,000). The increase was primarily attributable to the combined effect of: (i) the increase in marketing expenses of approximately HK\$2,061,000; (ii) the increase in administrative staff costs including directors' emoluments of approximately HK\$2,730,000; and (iii) the increase in legal and professional fees of approximately HK\$1,340,000 during the Period.

### ***Profit/(loss) for the period***

The Group recorded a profit of approximately HK\$6,911,000 for the Period as compared with a loss of approximately HK\$1,029,000 during the nine months ended 30 September 2013. The profit made for the Period was mainly due to the combined effect of: (i) the increase of revenue of approximately HK\$7,555,000 as compared with that of the corresponding period in 2013; (ii) the fair value gains on financial assets at fair value through profit or loss of approximately HK\$1,790,000 for the Period (nine months ended 30 September 2013: HK\$ Nil); (iii) the increase in administrative expenses of approximately HK\$8,953,000 as compared with that of the corresponding period in 2013; and (iv) the fact that no listing expenses was incurred during the Period (nine months ended 30 September 2013: approximately HK\$7,951,000).

## 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 them being an independent third party, to jointly invest in Gavottes International Limited (the “JV Company”), a company incorporated in the British Virgin Islands (the “BVI”). 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”) (together, the “Vendors”), 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 (the “Target Company”), a company incorporated in Hong Kong with limited liability at the consideration of HK\$16,040,000, subject to dollar-to-dollar downward adjustments with reference to the net assets value of the Target Company at the completion of this acquisition (the “Acquisition”). 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 and Time Smart, 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; (ii) the Group, Time Smart and Ms. Oei (together, the “JV Parties”) entered into the new shareholders agreement (the “New SHA”) to govern the shareholdings and the management of the JV Company; and (iii) the JV Company and the Vendors entered into a new sale and purchase agreement dated 30 April 2014 (the “New SPA”) in relation to the sale and purchase of the entire issued share capital of the Target 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. On 8 September 2014, the JV Parties decided not to further proceed with the Acquisition. On the same date, (i) the JV Company and the Vendors entered into the termination agreement to terminate the New SPA; and (ii) the JV Parties and the JV Company entered into the termination agreement to terminate the New SHA with immediate effect. As at the date of this announcement, the JV Company has distributed its assets to the JV Parties in accordance with the BVI Business Companies Act or other laws and regulations of the BVI and is in the process of voluntary liquidation. Details of the transactions are set out in the Company’s announcements dated 9 January 2014, 30 April 2014 and 8 September 2014 respectively.

Besides the aforesaid investment in the JV Company, on 3 June 2014, the Group entered into a cooperation framework agreement (the “Cooperation Framework 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 Cooperation Framework 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. Since the preliminary feasibility analysis and research has not been completed before 31 August 2014, the Cooperation Framework Agreement was terminated on 1 September 2014. Details of the events are set out in the Company’s announcements dated 3 June 2014 and 1 September 2014 respectively.

## **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 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.

## **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 the chairman of the Company (the “Chairman”), 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.

## **Outlook**

The Group expects to maintain a steady business growth in the foreseeable future and will continue to place internet finance as the main focus of its business development plan.

To meet the increasing market needs, the Group will continue to devote its resources to research and development to enrich the product portfolio of its internet financial solutions or platforms. With the anticipated implementation of Shanghai-Hong Kong Stock Connect and hence the increased trading activities, the Group expects its unique, comprehensive and powerful financial trading software solutions will help bring in more customers and revenue in the near future. Furthermore, in view of the fast growing internet financial industry, the Group believes that its new business segment of provision of other internet financial platforms will bring additional sources of income to the Group.

In addition, the Group's other segment businesses, including the referral business, money lending business and securities investments, are expected to see a stable growth benefiting from the expanding client base from inter-segment synergies, increasing demand for corporate and personal loans and stable returns from investment in listed securities respectively.

To further diversify the business operations and sources of revenue so as to create value to the Group, Finsoft Corporate Finance Limited, a wholly-owned subsidiary of the Company, has been approved by the Securities and Futures Commission in late October 2014 to carry on Type 6 (advising on corporate finance) regulated activities and is expected to commence its business of advising on corporate finance by the end of 2014.

Going forward, the Group will closely monitor market changes and adopt appropriate plans to seize any business opportunity in the internet financial industry or other industries with high potential. The Group will strive to increase its market share by leveraging on its competitive strength of strong technical advantage and well-established team and continue to look for greater synergies within its business operations to cross-sell the Group's products and services 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 September 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. Each of 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***

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/Nature</b>	<b>Number of share(s) held/ interested</b>	<b>Approximate percentage of shareholding</b>
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 September 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 September 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 the ordinary shares and underlying shares of the Company***

<b>Name of shareholder</b>	<b>Capacity/Nature</b>	<b>Number of Shares held/ interested</b>	<b>Approximate percentage of shareholding</b>
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	119,812,500	5.99%
Convoy Financial Holdings Limited (“CONVOY”) ( <i>Note</i> )	Interest in controlled corporation	119,812,500	5.99%

*Note:* These 119,812,500 Shares are held by Convoy Collateral Limited. CONVOY beneficially owns 100% of the issued share capital of Convoy Collateral Limited. Therefore, CONVOY 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 September 2014, the Directors are not aware of any other persons who have 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 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 September 2014, none of the Directors, their respective associates or the substantial shareholders of the Company 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 September 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, 7 November 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 GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the website of the Company at [www.finsoftcorp.com](http://www.finsoftcorp.com).*